Annual Results 2013

Gerard Ryan
Chief Executive Officer

David Broadbent
Chief Commercial Officer

Adrian Gardner
Chief Financial Officer

26.02.14

A year of growth

Gerard Ryan
Chief Executive Officer

2013 highlights

Record full year profit up 24%

Strategy delivering growth

Strong growth continues in Mexico

Proposed full year dividend up 20% to 9.3 pence per share

Robust balance sheet and delivering good returns

Strategy update

Gerard Ryan
Chief Executive Officer

Our strategy is delivering growth

Expanding our footprint

Improving customer engagement

Developing a sales culture

Effective execution

Expanding our footprint

Existing markets

- Four new branches in Mexico
- Mexico City launch – significant opportunity
- Expansion in Romania – platform for growth

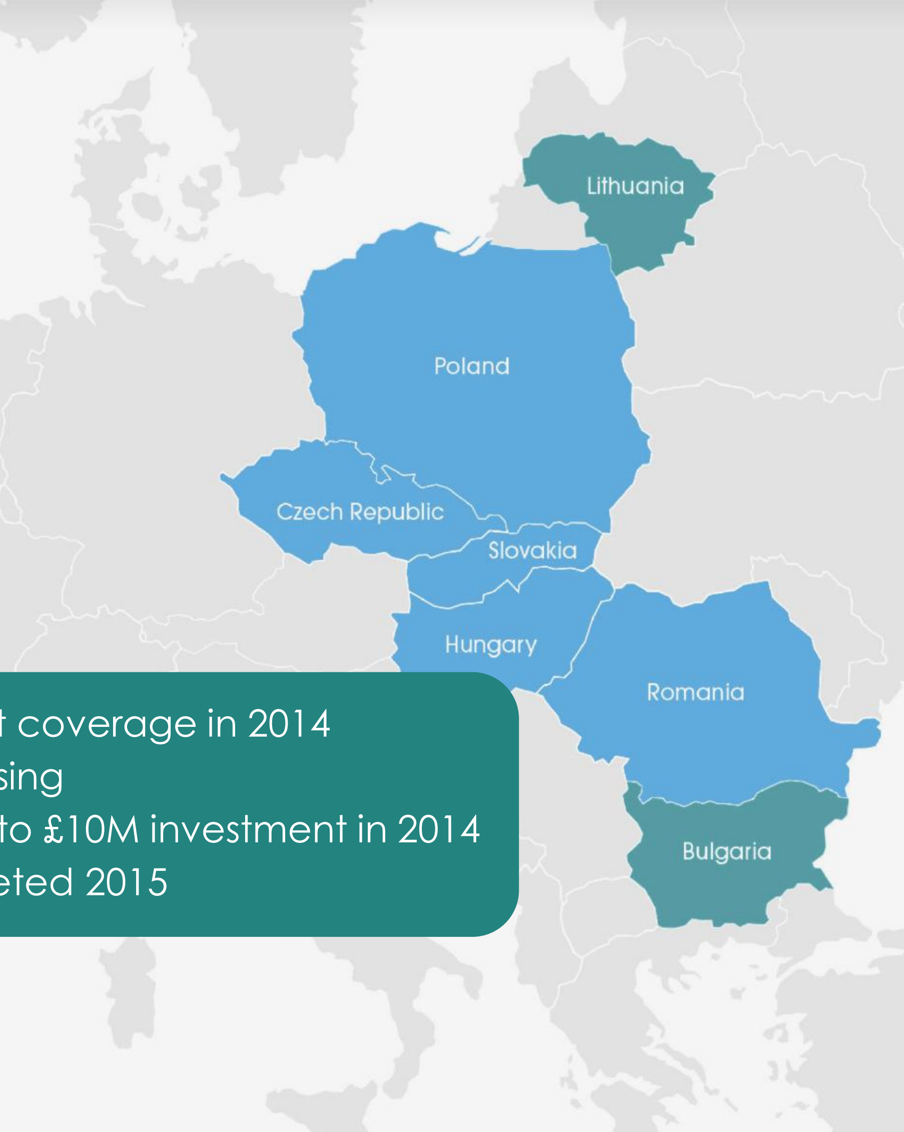
Lithuania

- First loans issued, July
- 1,800 customers
- 70 agents
- Two branches, four small offices

Bulgaria

- First loans issued, September
- 2,400 customers
- 100 agents
- Four branches

- Full market coverage in 2014
- TV advertising
- Total £8M to £10M investment in 2014
- Profit targeted 2015



Improving customer engagement

Longer-term loans

Customers benefit from higher value loans while retaining affordable weekly repayments

- Rolled out in Poland, the Czech Republic and Slovakia
- Launched in Hungary
- Test underway in Romania

Preferential pricing

Loyal, quality customers rewarded with discounted loans

- Rolled out in Poland, the Czech Republic, Slovakia and Hungary
- Tests underway in Mexico and Romania – roll out planned H2 2014

Insurance

Customers benefit from affordable insurance options

- First stage pilot in Hungary evaluated
- Improving pricing, cover and processes
- Life and medical assistance insurance pilot launched in Mexico

Developing a sales culture

Team engagement

Empowering team to deliver growth ambitions

- Significant improvement in engagement
- Agent turnover reduced by 11 ppts to 46%
- Employee turnover reduced by 1 ppt to 22%

ProXXI

Enabling Development Managers to grow their business

- Market-branded initiatives
- Sharing best practice
- Tablet technology for Development Managers in Poland and Hungary

Effective execution

Credit bureaux

Improve lending decisions to new customers and confidence to offer larger loans to quality customers

- Rolled out in Hungary, Mexico and Lithuania
- Tests running in Poland and Romania
- Tests planned in Czech Republic, Slovakia and Bulgaria in 2014

Agent segmentation

Empowering and rewarding our best agents to grow their agencies

- Experienced agents in Poland and Hungary offering higher value loans
- Centrally-approved
- Increased loan values to quality customers
- Higher commission to best agents in Mexico

Transformation for Growth

Global change programme to accelerate strategy and improve the way we work

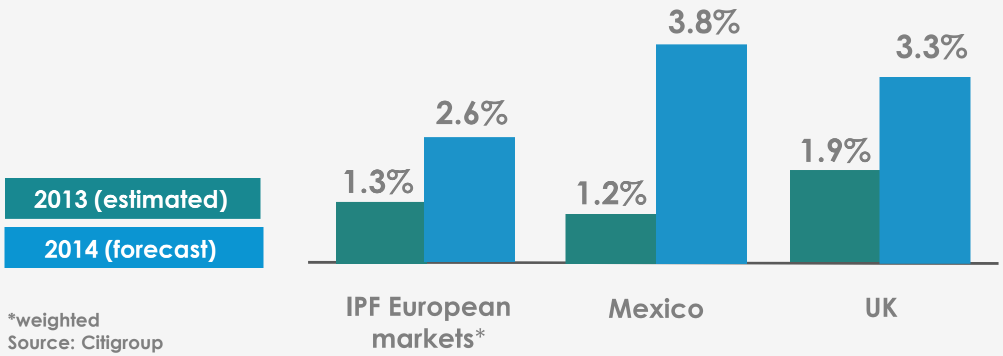
- Strategy and programme management in place
- IT partner appointed
- Deliver more technology-enabled approach to serving customers

Market overview and regulation

Gerard Ryan
Chief Executive Officer

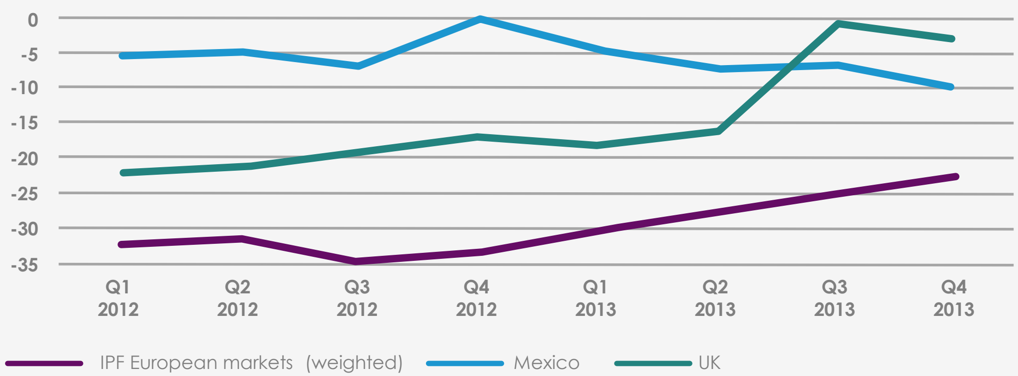
Market overview

GDP growth



*weighted
Source: Citigroup

Customer confidence



Sources: European Commission and Statistical Agency of Mexico

Competition

Competition intensifying in Europe

Active payday lending sector in Poland, Czech Republic, Slovakia and Lithuania

Reduction in TV advertising share of voice in Poland; no material impact on performance

Heightened competition in Czech Republic from home credit operators in H1 2013

Competitive landscape in Mexico broadly unchanged

Regulation

Regulatory debate

- Increase in regulation since global financial crisis

- Focus moving from banks to shadow banking and consumer lending

- Operated in rate cap environments since 2006

- Rate cap proposals
  - Poland, the Czech Republic and Slovakia

- UOKiK, Poland
  - Cost of credit and APR calculation methodologies
  - Fee charging methodology

Regulation

Our position

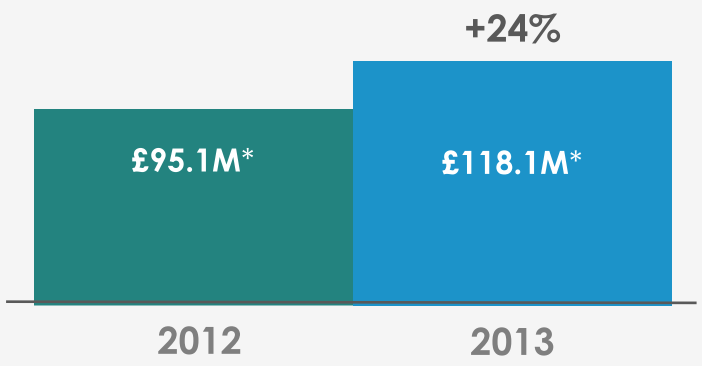
- Matters being addressed proactively
- Track record of evolving product and service offerings
- No significant impact expected on business performance or growth prospects

Performance and financial review

David Broadbent
Chief Commercial Officer

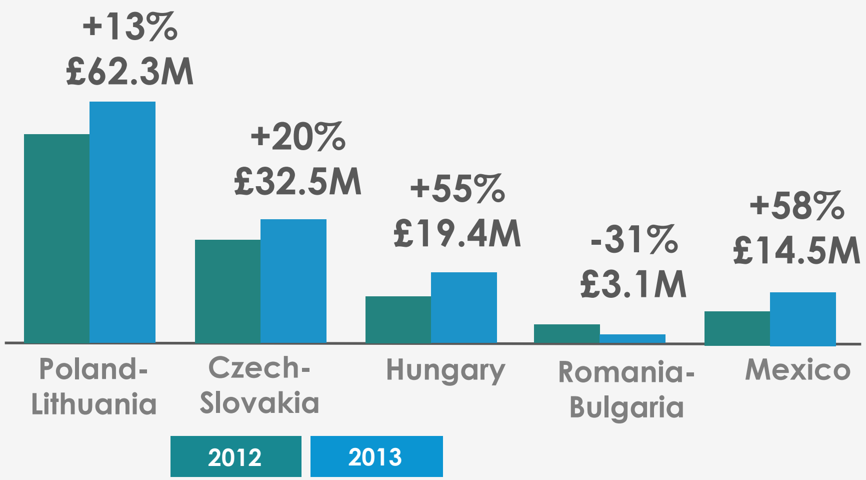
£118.1M record profit, up 24%

Group profit growth



*Pre-exceptional profit

Profit growth by market



- Strong underlying profit growth of £27.1M
- Customers increased by 7%
- £1 billion credit granted and strong growth of 15%
- Revenue increased by 11% and accelerated through the year
- £8.4M ESR in Poland, ESRs fully embedded
- Stable credit quality – impairment reduced to 26.6% of revenue
- Cost-income ratio improved to 39.5%

Delivering against our strategy

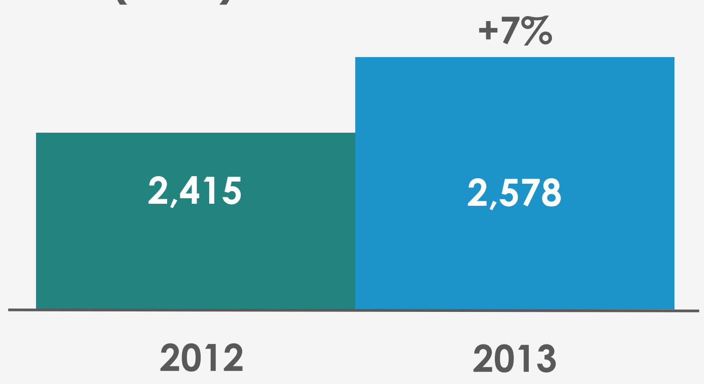
Revenue growth increased by 11% and accelerated over the year

Revenue growth (year-on-year)

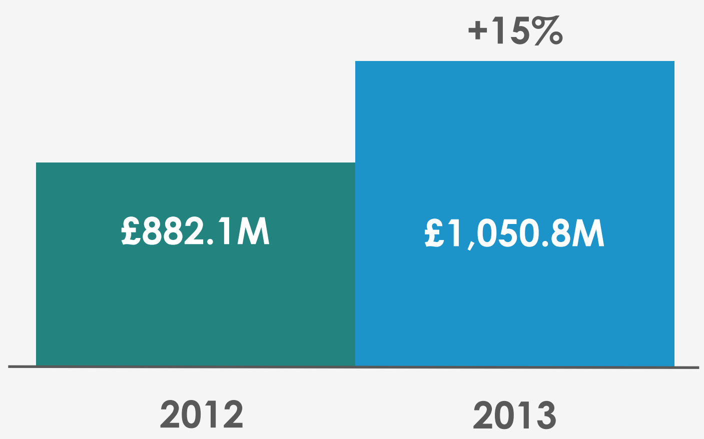
Key drivers of growth

Accelerating customer growth and £1 billion credit issued

Customer numbers (000s)



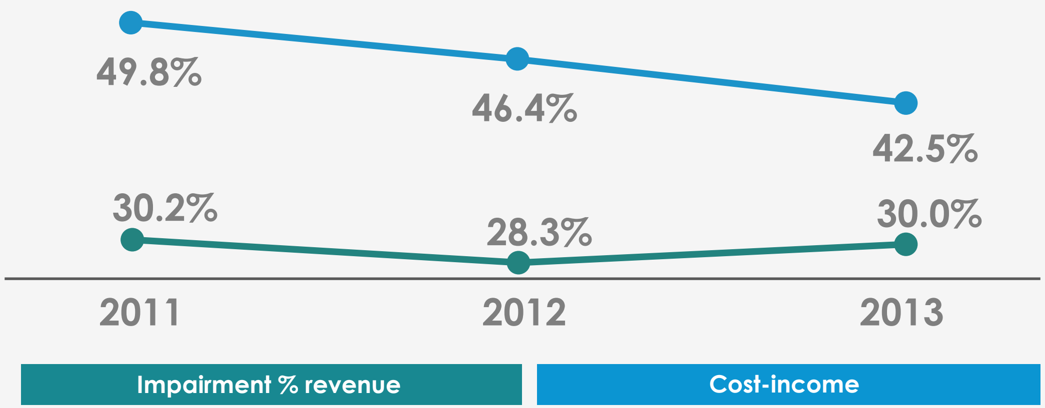
Credit issued



	Customer growth	Credit issued growth
Poland-Lithuania	2%	12%
Czech-Slovakia	(1%)	9%
Hungary	15%	19%
Romania-Bulgaria	17%	16%
Mexico	9%	27%

Mexico

£14.5M profit – underlying growth of £4.5M



On track to deliver £33 profit per customer target by 2015

Key drivers:
- Increasing revenue per customer
- Maintaining impairment in target range
- Reducing cost-income ratio

Profit per customer £21 (2012: £14)

Geographic expansion, including Mexico City

Agent turnover reduced

New credit rules extended to 42 branches

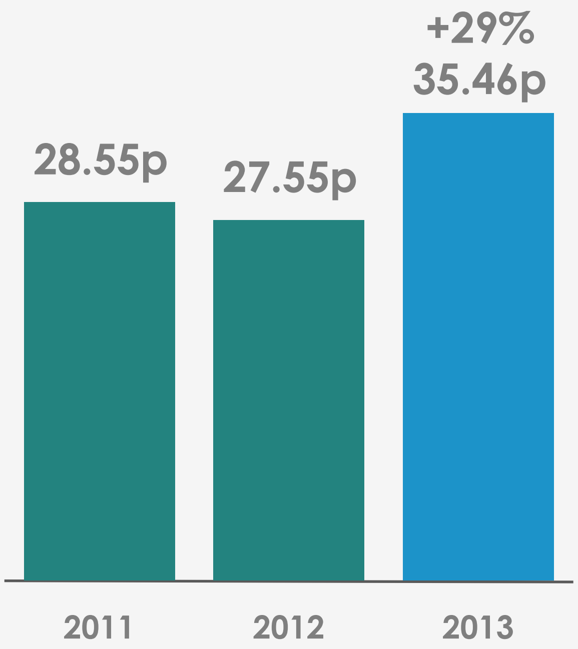
Very strong growth in credit issued, revenue and average net receivables

Roll out of credit bureaux to deliver further growth

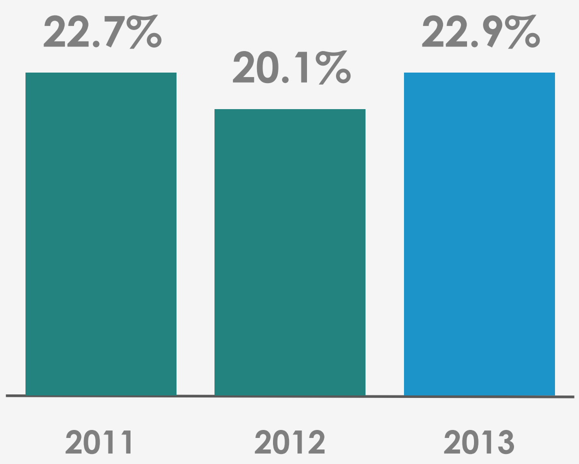
Delivering shareholder value

Good returns including £60M share buyback in H2 2013

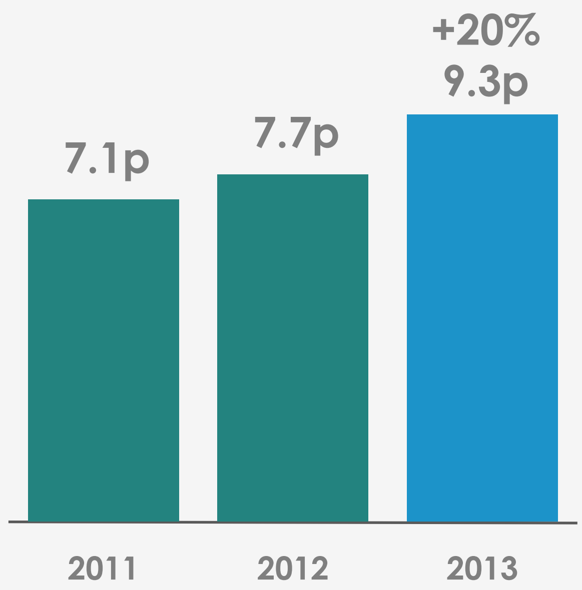
Earnings per share*



Return on equity*



Full year dividend per share



*Adjusted for exceptional items

Committed to work balance sheet harder

£60M share buyback programme completed November 2013

Designed to reduce equity to receivables ratio to around 50%

Equity to receivables ratio remains under review

Catalysts for updating capital ratio:

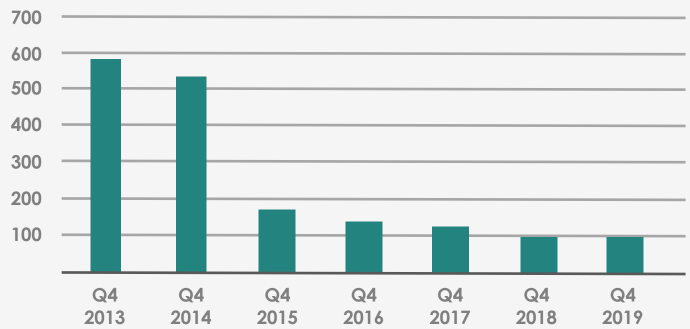
- More stable macroeconomic position
- Potential reduction in funding costs

	FY 2011	FY 2012	FY 2013
Gearing	0.8x	0.8x	1.0x
Equity to receivables	58.5%	57.8%	50.2%

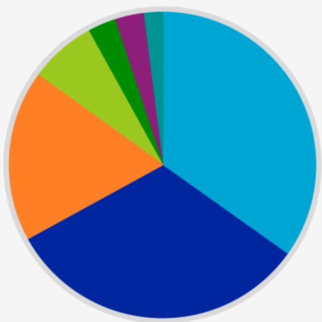
Good progress on funding objectives

Recent bonds issued at materially lower cost than 2010 eurobond

Maturity profile of debt facilities (£M)



Total facilities £575.8M



Bank facilities	£200.2M	35%
EUR bond	£186.8M	32%
GBP retail bond	£101.5M	18%
PLN bond	£40.1M	7%
CZK bonds	£19.2M	3%
RON bonds	£16.8M	3%
HUF bond	£11.2M	2%

Funding objectives:

- Extend maturity profile
- Further diversify sources
- Reduce cost

Highly cash generative business

Headroom on bank facilities of £175.3M

Issued further £132M bonds – c.500 basis points lower than 2010 eurobond

Extended £51M bank facilities

Outlook

Strategy delivering growth

Positive economic outlook

Responding to increasing competition

Engaged in regulatory dialogue

Strengthening customer relationships

Developing product range

Confident of delivering more growth

Questions

Appendices

Group

Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	2,578	2,415	6.7
Credit issued	1,050.8	882.1	15.1
Average net receivables	710.0	588.3	16.5
Revenue (net of ESRs)	746.8	651.7	10.6
Impairment	(198.6)	(176.2)	(8.7)
Finance costs	(49.0)	(41.6)	(12.9)
Agents' commission	(86.1)	(74.9)	(11.2)
Other costs	(295.0)	(263.9)	(10.2)
Profit before taxation	118.1	95.1	

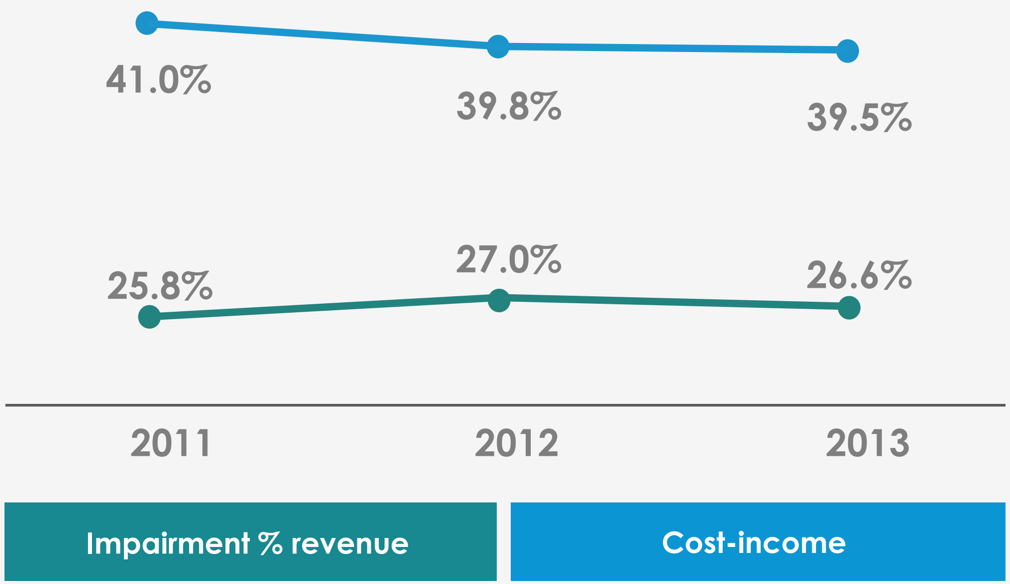
Segmental results

£27.1M underlying profit growth

	2013 reported profit £M	Underlying profit growth £M	Additional ESR costs £M	New market costs £M	Stronger FX rates £M	2012 reported profit £M
Poland-Lithuania	**62.3**	11.8	(8.4)	(1.9)	5.9	54.9
Czech-Slovakia	**32.5**	5.0	-	-	0.4	27.1
Hungary	**19.4**	5.5	-	-	1.4	12.5
Romania-Bulgaria	**3.1**	0.9	-	-	0.2	4.5
Mexico	**14.5**	4.5	-	(2.5)	0.8	9.2
UK costs	**(13.7)**	(0.6)	-	-	-	(13.2)
Profit before taxation	**118.1**	27.1	(8,4)	(4.4)	8.7	95.1

Key drivers of growth

Stable credit quality and improving cost-income ratio



	Impairment % revenue	Cost-income ratio
Poland-Lithuania	28.5%	33.4%
Czech-Slovakia	23.7%	36.1%
Hungary	18.9%	37.4%
Romania-Bulgaria	28.3%	49.7%
Mexico	30.0%	42.5%

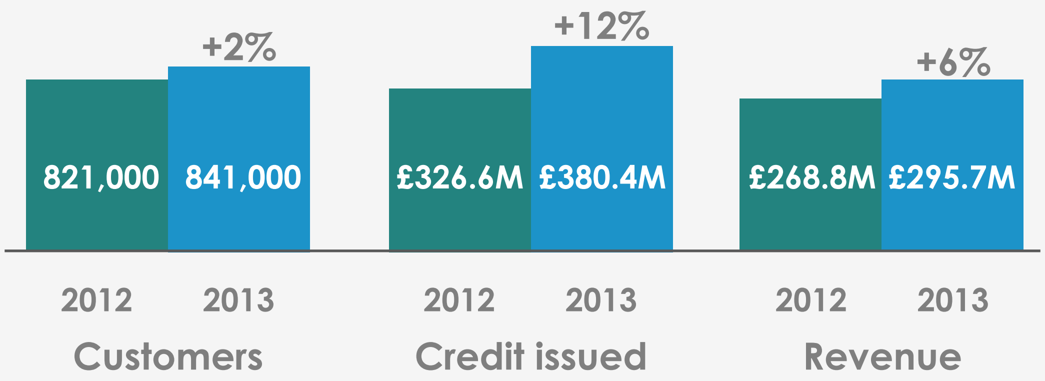
Poland-Lithuania

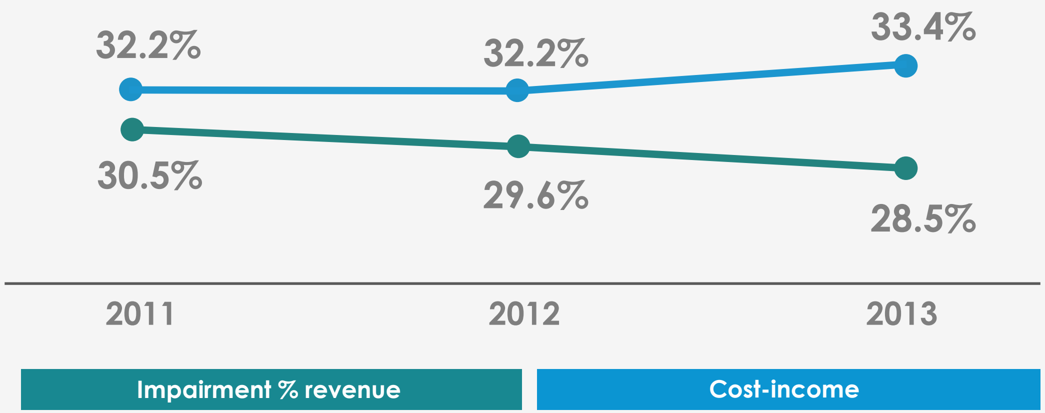
Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	**841**	821	2.4
Credit issued	**380.4**	326.6	11.9
Average net receivables	**282.6**	235.7	15.0
Revenue	**295.7**	268.8	5.6
Impairment	**(84.3)**	(79.5)	(1.6)
Finance costs	**(20.2)**	(17.4)	(11.0)
Agent's commission	**(30.0)**	(27.1)	(6.4)
Other costs	**(98.9)**	(89.9)	(10.1)
Profit before taxation	**62.3**	54.9	
Poland	**64.2**	54.9	
Lithuania	**(1.9)**	-	
Profit before taxation	**62.3**	54.9	

Poland-Lithuania

£62.3M profit – underlying profit growth of £11.8M





Performance and priorities

- Delivered strong results and launched Lithuania
- Spearheaded global change programme to improve service to customers
- Good growth in credit issued and receivables
- Profit impacted by ESRs (£8.4M) – now fully embedded
- Increased presence of payday lenders
- Longer-term loans, preferential pricing
- Heightened regulatory debate; UOKiK challenge
- Expect further growth in Poland and expansion in Lithuania in 2014

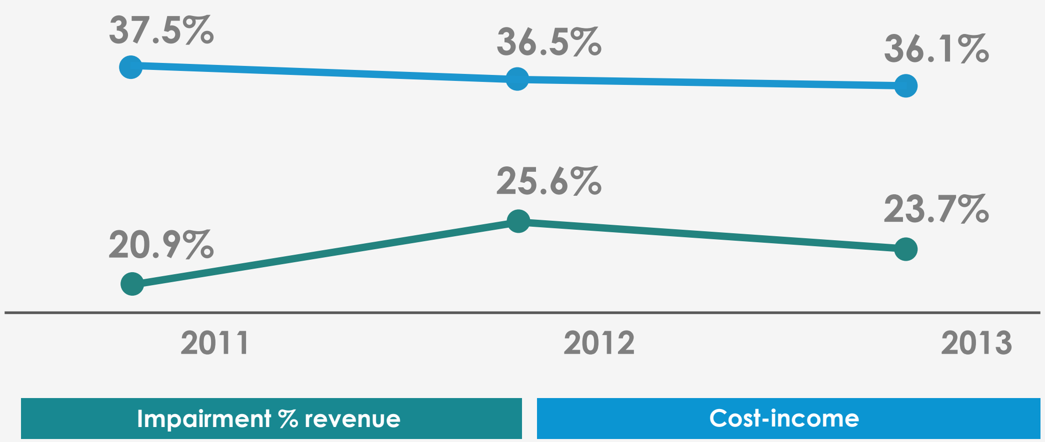
Czech-Slovakia

Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	**381**	383	(0.5)
Credit issued	**230.2**	206.6	9.3
Average net receivables	**161.7**	145.3	8.9
Revenue	**142.8**	133.4	4.8
Impairment	**(33.8)**	(34.2)	2.9
Finance costs	**(9.5)**	(8.8)	(4.4)
Agents' commission	**(15.4)**	(14.8)	(2.0)
Other costs	**(51.6)**	(48.5)	(3.6)
Profit before taxation	**32.5**	27.1	

Czech-Slovakia

£32.5M profit – underlying profit growth of £5.0M



Performance and priorities

Growth initiatives delivered good growth in credit issued and 20% increase in profit

Market conditions in Slovakia supportive of growth

Increased competition from home credit operators in Czech Republic

Reversal of H1 2013 contraction in customer numbers

Longer-term loans and preferential pricing driving credit issued growth

Reduced impairment indicates scope to capture further sales opportunities, particularly in Slovakia

Aim to maintain credit issued growth and increase customer numbers and revenue growth in 2014

Credit bureaux tests planned to support growth

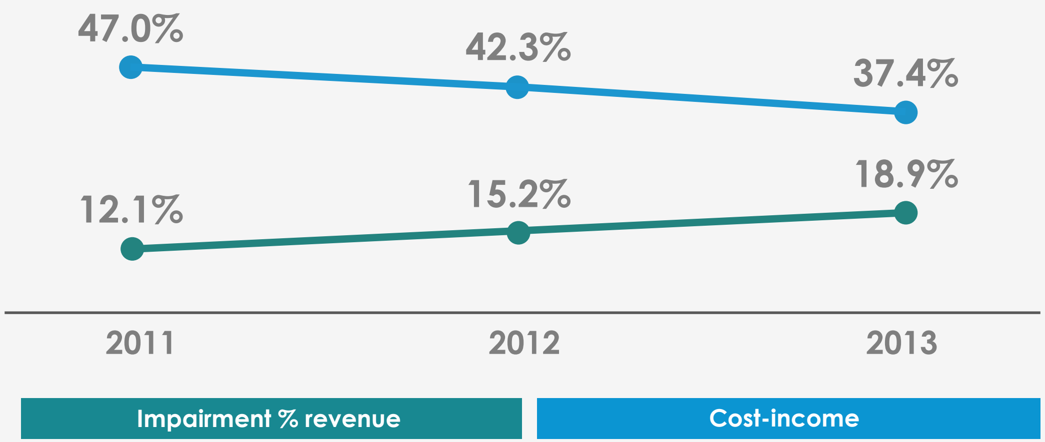
Hungary

Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	**307**	268	14.6
Credit issued	**138.5**	114.2	19.3
Average net receivables	**97.3**	76.6	24.6
Revenue	**97.6**	78.2	22.5
Impairment	**(18.4)**	(11.9)	(52.1)
Finance costs	**(7.5)**	(6.3)	(15.4)
Agents' commission	**(15.8)**	(13.4)	(16.2)
Other costs	**(36.5)**	(34.1)	(8.6)
Profit before taxation	**19.4**	12.5	

Hungary

£19.4M profit – underlying profit growth of £5.5M



Performance and priorities

- Very strong trading performance
- Passed 300,000 customer number milestone
- Excellent growth in credit issued and profit
- Further significant reduction in cost-income ratio driving profit margin increase
- Selective credit relaxation and ProXXI initiatives stimulating growth
- Controlled increase in impairment as planned
- Home insurance pilot evaluated; refreshed offer and improved processes to be implemented
- Plan further growth through longer-term loans and continued credit easing

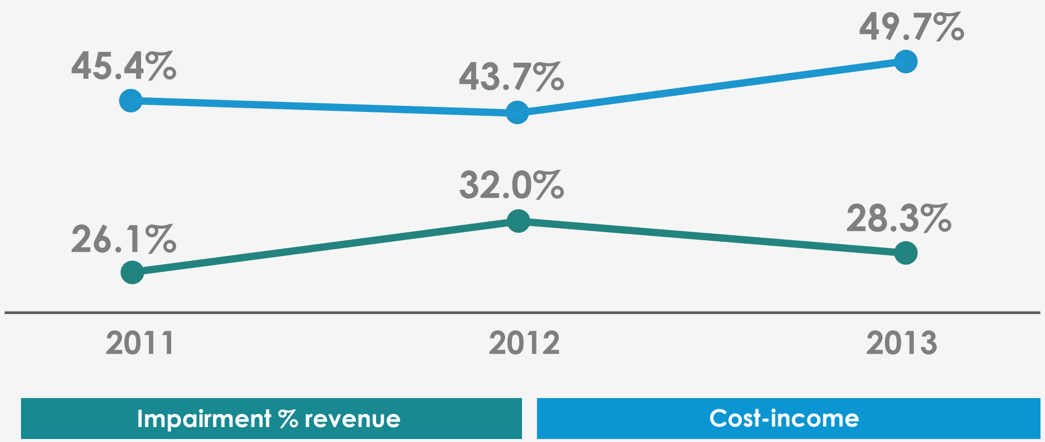
Romania-Bulgaria

Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	305	260	17.3
Credit issued	104.8	85.8	15.7
Average net receivables	60.8	52.0	10.7
Revenue	66.8	57.2	10.8
Impairment	(18.9)	(18.3)	1.6
Finance costs	(4.8)	(4.1)	(9.1)
Agent's commission	(6.8)	(5.6)	(15.3)
Other costs	(33.2)	(24.7)	(27.2)
Profit before taxation	3.1	4.5	
Romania	5.6	4.5	
Bulgaria	(2.5)	-	
Profit before taxation	3.1	4.5	

Romania-Bulgaria

£3.1M profit – underlying profit growth of £0.9M



Performance and priorities

Targeting growth delivered improved performance

Increase in customers and credit easing drove strong credit issued growth

Geographic expansion providing platform to reach larger customer base

New market launch in Bulgaria

Test of 78-week loan – plan to roll out in 2014

Improved collections performance and impairment within our target range

Geographic expansion and significant growth targeted in Bulgaria in 2014

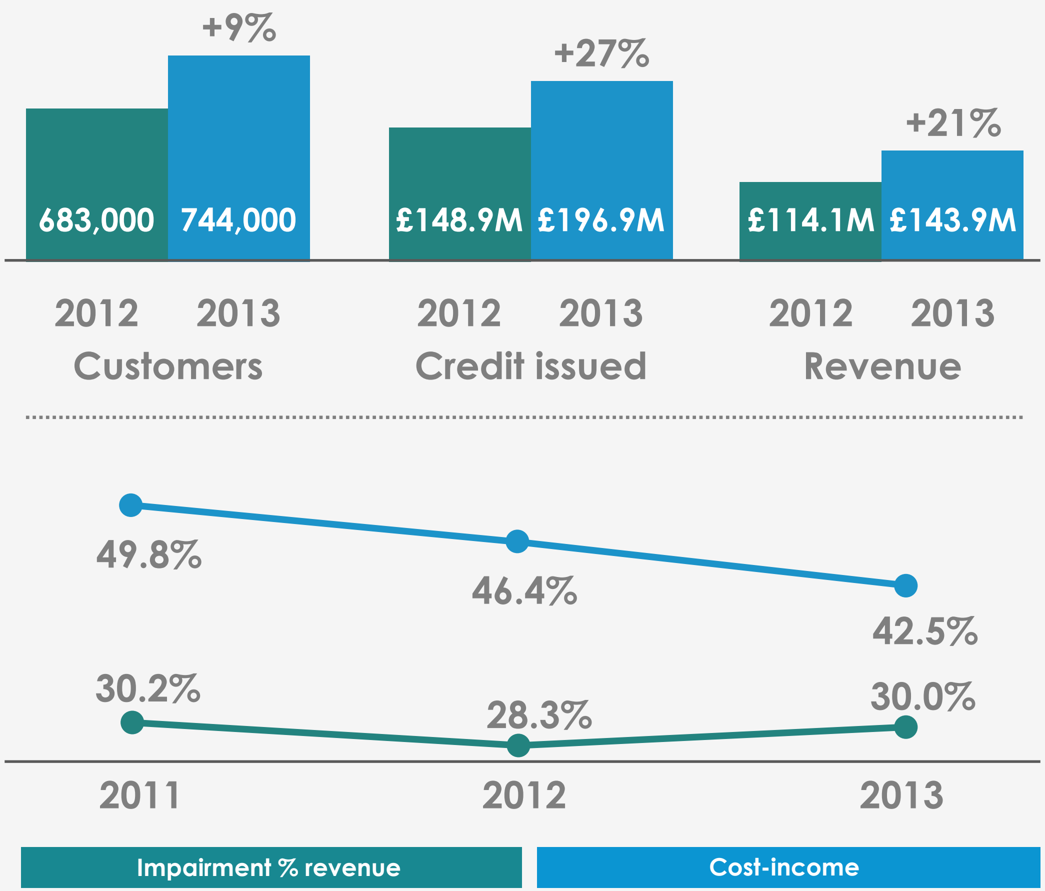
Mexico

Year ended 31 December 2013

	2013 £M	2012 £M	Change at CER %
Customer numbers (000s)	**744**	683	8.9
Credit issued	**196.9**	148.9	26.5
Average net receivables	**107.6**	78.7	31.1
Revenue	**143.9**	114.1	21.1
Impairment	**(43.2)**	(32.3)	(28.6)
Finance costs	**(7.0)**	(5.0)	(34.6)
Agents' commission	**(18.1)**	(14.0)	(24.0)
Other costs	**(61.1)**	(53.6)	(10.3)
Profit before taxation	**14.5**	9.2	

Mexico

£14.5M profit – underlying growth of £4.5M



Performance and priorities

On track to deliver £33 profit per customer target by 2015

Key drivers:
- Increasing revenue per customer
- Maintaining impairment in target range
- Reducing cost-income ratio

Profit per customer £21 (2012: £14)

Geographic expansion, including Mexico City

Agent turnover reduced

New credit rules extended to 42 branches

Very strong growth in credit issued, revenue and average net receivables

Roll out of credit bureaux to deliver further growth

Balance sheet

	Dec 2013	Dec 2012	Change at CER %
Fixed assets	**30.6**	31.5	(2.2)
Receivables	**784.8**	650.3	21.9
Cash	**24.6**	24.2	2.5
Borrowings	**(400.5)**	(310.8)	(30.2)
Other net liabilities	**(45.6)**	(19.4)	(132.7)
Equity	**393.9**	375.8	5.9

Foreign exchange rates

	Average 2013	Closing Dec 2013	Average 2012	Closing Dec 2012
Poland	5.0	5.0	5.4	5.0
Lithuania	4.1	4.2	-	-
Czech Republic	30.3	32.9	30.9	30.8
Slovakia	1.2	1.2	1.2	1.2
Hungary	347.2	357.6	378.3	357.5
Romania	5.2	5.4	5.2	5.5
Bulgaria	2.3	2.4	-	-
Mexico	20.2	21.6	21.5	20.9

Headroom on covenants

	Dec 2013	Covenant	Headroom
Interest cover	3.4x	2.0x min	1.4x
Net worth*	£392.0M	£125M min	£267.0M
Receivables:borrowings	2.0x	1.1x min	£313.0M
Gearing*	1.0x	3.75x max	£285.2M

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

Strong financial profile

	FY 2011	FY 2012	FY 2013
Gearing	0.8x	0.8x	1.0x
Adjusted earnings per share*	28.6p	27.6p	35.5p
Interest cover	3.4x	3.3x	3.4x
Return on equity*	22.7%	20.1%	22.9%
Equity to receivables ratio	58.5%	57.8%	50.2%

* Adjusted for exceptional items

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