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Presenter:	**Gerard Ryan, Chief Executive Officer**
	Adrian Gardner, Chief Financial Officer
	Simon Quick, Group Marketing Director
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Gerard Ryan, CEO, IPF:

Good afternoon or good morning everybody, this is Gerard Ryan, CEO for IPF plc and with me this afternoon is Adrian Gardner, our CFO; and Simon Quick who's our Group Marketing Director. We will do a question and answer session at the end of this. I just thought we would give you a brief run-through of the results that we announced earlier today. Hopefully by now you've had a chance to look at our presentation and perhaps some of you have even seen the video up on the website.

So in brief we announced a record profit for the year to £123.5 million which was up 5% year-on-year, but it's worth peeling that back a couple of layers because there are two big drivers embedded in that. One is that during the year sterling strengthened against our trading currency, so there's an FX hit in there of £11 million. On a more positive note we also invested a further £13 million in new businesses which clearly are the engine of future growth in the organisation, so the underlying growth rate is 21.5%. In terms of customer numbers we reached 2.64 million which is a growth of just under 2.5% and we issued over £1 billion in loans, so an increase of 5% year-on-year. Revenue was up by about 12.5%. Our expenses are well-controlled and are coming down as we expected, just under 1% per annum and our impairment to revenue is bang in the middle of our target range.

Now having said all of that on the previous calls that I've been on with you I have been very up front in telling you when I'm really happy with how the business is going, but I have to say today that despite the underlying profit increase of 21.5%, we are nonetheless disappointed with our performance in Q4.

So in Q4, growth was less than we had expected, less than our own plans. In brief, if I had to characterise why that was the case; and essentially we're talking now about Europe and not Mexico because Mexico is going really well in growth terms; but in Europe we saw a step up in the level of competition in our businesses. In addition we also felt that we probably misplaced or we didn't get the level of cut-through with our marketing of our business in the final quarter that we would have expected. And just to give you a little bit of colour on that, we have been marketing our business as the people to do business with - fair, easy to deal with, no hidden charges or no hidden fees, however in Q4 we saw clearly that when it came up against other competitors offering a first loan for free or interest free periods, it just didn't cut through with our customers and so we had less calls coming into our call centre.

In addition as Q3 progressed three of our countries were just slightly outside of our target impairment to revenue range, so we've dialled back credit ever so slightly on that and to some extent we may have left some business on the table there, but that's something that we can easily adjust. The final piece is regulatory where we've had to adapt to a number of quite significant regulatory changes. I think we've done that well but it has an impact for a period of time before we get back to normality.

Now notwithstanding all of that there were a huge number of really positive things that happened in the business during the year, in particular we launched lots of new products, and we've opened up new channels. On the product front we've gone from being a single product company who distributed cash loans collected on a weekly basis to now being a business that offers those same cash loans but in addition we've launched a monthly loan in Poland which meets more closely some of the requirements of our customers. We've also got a small business loan on trial in Mexico and in Poland. We've got insurance products available in four of our markets and, in addition, we've also got a prepaid card that we've launched fully in Mexico and also accounts for over 75% of our new business being done in Slovakia.

Probably the most exciting aspect now at this point in terms of development is that we also launched our first digital-only business and we launched hapiloans in Poland in December of 2014. It's trading nicely in line with plan. As of today we have about 1,500 customers on our books, so we're growing it gradually to get the customer experience because clearly it is a different type of business for us. At the same time as we announced that we also announced the acquisition of MCB Finance, we completed that acquisition a couple of weeks ago. So it's our intention to put those two together, MCB Finance and hapiloans to form our new digital business.

As regards focus on shareholder value, you will see from our presentation that we talk now about reducing our target equity to receivables, so the equivalent of our Tier 1 ratio, reducing that from 45% down to 40%. As a result of that and that is driven by structural change in our balance sheet whereby we have managed to refinance the business over a longer term with more diverse sources of funding at a significantly cheaper rate. We are now in a position to increase our dividend pay-out rate and so we propose a 29% increase in the dividend for 2014 and we're targeting getting to a 35% pay-out rate by the end of 2015.

In terms of regulatory change, I just want to touch on this and then I think we'll open it up for questions. Clearly there have been quite a few challenges to our business in Europe during the year, principally in Slovakia, Poland and now in Hungary. In Slovakia we had three major changes, one which basically banned the delivery of loans in cash which is how we do business; the second was a net rate cap being introduced; and the third was a prohibition in terms of calling on customers who were in arrears let's say in the evenings and at weekends, unless we had the express permission of the customer.

Without going into too much detail we managed the first one, i.e. the prohibition of delivery of loans in cash; we managed that by launching our own prepaid card which we [had] just tested in Mexico and that is now going really well and our expectation would be that in a matter of months we will be hitting closer to 100% of our business going through that but at least 90% anyway; and as regards the collection of loans, loans that are in arrears, we have had to retrain our team and change our processes to be compliant. There was a knock-on impact in terms of the portfolio quality as collections slowed down, but in our conference call with our collections team on Monday I think we all agreed that we feel we've now seen that roll through the portfolio and our expectation is that that portfolio will come back on song pretty quickly.

Poland is clearly the market that most people are interested in from a regulatory point of view. We had the challenge and the fine from UOKiK in December 2013. We said back then that we felt we were on really strong legal ground in terms of our opinion and we continue to believe that to be the case. We also said that we expected that it will be 12-18 months before we could get a court date. We are now 13 months on from there. Our expectation continues to be that we will get that court date soon, so in the next 4 or 5 months.

The second challenge in Poland was to do with the calculation of our fees and just like the rest of the industry in Poland, our fees increase based on an increasing loan value. We were challenged on that. We've restructured our product. We've been in discussions with UOKiK who are the consumer protection authority and we believe that we will come up with a solution that works for the customer, meets the requirements of UOKiK and also continues to work for us. Now it is a bit frustrating even for me to have to sit here and repeat much of what I already said on this matter six months ago, but the reality is we continue to believe that these two challenges will not result in a significant impact on our business, on the trading in Poland, and that is what we continue to believe today. As soon as I have further information that I am able to provide to you, I will do so.

The final one on regulation is Hungary and in Hungary a new regulation was passed into law on 1st January of this year. It essentially says that a consumer can only use between 50-60% of their disposable income to service their debts. Now some of our customers will be outside of those thresholds, so what we've done is designed a guarantor product and by using a guarantor product we're allowed to pool the income of the guarantor plus the borrower and by doing that we expect to be able to continue to service all of our customers' needs.

So as we look forward to 2015 simply by turning the page of the calendar into a new year doesn't change the scenario dramatically on day one, so what I can tell you is that we had a relatively slow start to the start of January and particularly in Hungary as we bedded in the new regulation, but I can also tell you that by weeks five and six which are in February that we felt we were back on track in most of our countries with a few that we're still working on. So as we look to 2015 our view is that the first quarter will be relatively flat although we will see the momentum of a considerable number of actions that we have underway to correct this growth piece. We will see that flowing through the business in quarters 2, 3 and 4.

So with that I'm going to open it up for questions. So in summary very good profitability, disappointed in our growth rate in Q4 but delighted with the number of changes that we've brought through the business that will deliver additional growth as we go forward, I'm happy to announce the launch of our new digital business and also very happy that we're able to deliver on shareholder value in terms of the enhanced dividend.

So Clodagh, if you're on the line I'd like to open it up now to any questions please.

Operator:

Thank you. If you would like to ask a question at this time, please press *1 on your telephone keypad. Again please press *1 to ask a question. We will pause for a moment to allow everyone to signal. We will now take our first question from Federico Bruzzi of Carthesio. Please go ahead.

Federico Bruzzi, Carthesio:

Yes, good afternoon everybody. I'm just curious to understand the real reasons if there is any further reasons to the change in your equity to receivables target because I believe that the reasons you have given us mostly reflect something that has occurred a few months ago, something we knew for at least a few quarters, so it's nothing really new to us, but the fact that the target was actually going already below 45% was probably a cause of concern to you, so how much was the actual going below 45% part of the reasons of changing this medium term-target other than balance sheet structure?

Gerard Ryan, CEO, IPF:

Hi Federico, it's Gerard here. I'm not sure I entirely get the meaning behind your question but let me try and answer it anyway and see if we get there. So when I started three years ago our equity to receivables was closer to 60% and as part of our strategy for growth we made a very firm declaration that we were going to work the balance sheet harder in the interests of shareholders. We have consistently stepped it down, so we went from there to 55, 50 and the last target we announced was 45. We have always said that the key to continuing to move that target down would be to have cheaper funding and more diverse funding so that we could show that all of the covenants that are attached to our borrowings will be handsomely met. Now the last thing we did was a share buyback in 2014 and we announced a £50 million buyback of which we've completed about £45, £46 million. Now as we move into 2015 our business is an extremely profitable and cash generative business and in order to soak up the additional capital that we generate from trading, we have to grow our top line something in the region of 20% and to the extent that we grow it anything less than 20%, we accumulate additional capital on the balance sheet which takes us back up in term of equity to receivables and we currently stand at about 47% plus. So the new target is just a recognition of the structural changes in the balance sheet and I'll hand you over to Adrian Gardner now who can talk us through that.

Adrian Gardner, CFO, IPF:

Hi Federico. So you've mentioned that you thought that we had dipped below 45%. We haven't actually at any point dipped below 45% and as Gerard mentioned at the end of the year we were at 47%, so the actuality of where we have been in equities and receivables has played no part in this consideration at all. You said that this is not especially new news. I think structurally where we were was that we launched our new Eurobond in April which, as you say, was now some months ago. We were not able to buy-in all of the old bond. We were able to buy in the majority of it but not all of it because not everybody tendered their bonds. We will complete that in August of this year when that old bond matures, so the full benefit of the cheaper financing that we have received feeds through into our income statement over the course of 2015. So at the time that we did the bond we lowered our equity to receivables target to 45. We didn't set a date for getting there. We got to 47 by the end of the year. The full benefit of that cheaper financing is now feeding through and because that financing means that more than half of our services run out to the next decade to 2020 and 2021 we've got a substantial amount of relatively cheap financing blocked in for a relatively long period of time. That gives us the confidence to say that we believe that we will be able to lower that equity to receivables ratio and that's why we've made that move right now.

Gerard Ryan, CEO, IPF:

The one thing we should also point out is that this is a very conscious move on our part that retains more than sufficient capital in the business to continue growing the business; so as well as being able to enhance the dividend, we'll retain the capital that we need to grow the business plus a cushion.

Clodagh, any other questions?

Operator:

As a final reminder to ask a question at this time please press *1. There appear to be no further questions at this time.

Gerard Ryan, CEO, IPF:

Thank you Clodagh. Just to wrap up in terms of the results. Like I said we were pleased in terms of profitability, disappointed in our performance in Q4. What I haven't done on the call is take you through all of the actions that we have in train to get back to the growth rate that you would expect us to be delivering and there are a considerable number of actions both short- term and long-term that we're already working on; but you know this is a fantastic business, it's as I said a very profitable business, a very cash generative business with a really strong balance sheet. All of the items that we've talked about growth over the past number of calls continue to be there. It's just that we now need to enact some slight changes, a number of small changes that we think that will get us back to the growth rate that we had prior to Q4.

Ok, thank you very much everybody for joining the call and as always Adrian, I and the team are available afterwards or over the next few weeks should anybody wish to follow up with any other person. Thank you very much.

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