



International Personal Finance plc

The world's largest home credit business and a leading fintech operator

Citi Growth Conference

20 September 2018

Gerard Ryan: CEO



Making a difference in the everyday life of our customers by offering simple and personalised financial solutions



CUSTOMER SERVICE
EXCELLENCE

PROVIDENT HUNGARY



FTSE4GOOD

IPF PLC



RESPONSIBLE LENDER

IPF DIGITAL



TOP
EMPLOYER

PROVIDENT POLSKA



SOCIALLY RESPONSIBLE
BUSINESS

PROVIDENT MEXICO



International Personal Finance

- Home collected credit and digital lending offerings in 11 markets
- Serving customers who are relatively underserved by mainstream credit providers

2.2m¹

Customers

£1.3bn

Credit issued

£1057m

Receivables

£496.9m

Net Assets

£105.6m

Profit Before Tax

1.4x

Gearing

22,500

Agents

6800

Employees

15.7%²

Return On Equity

47%²

Equity To Receivables

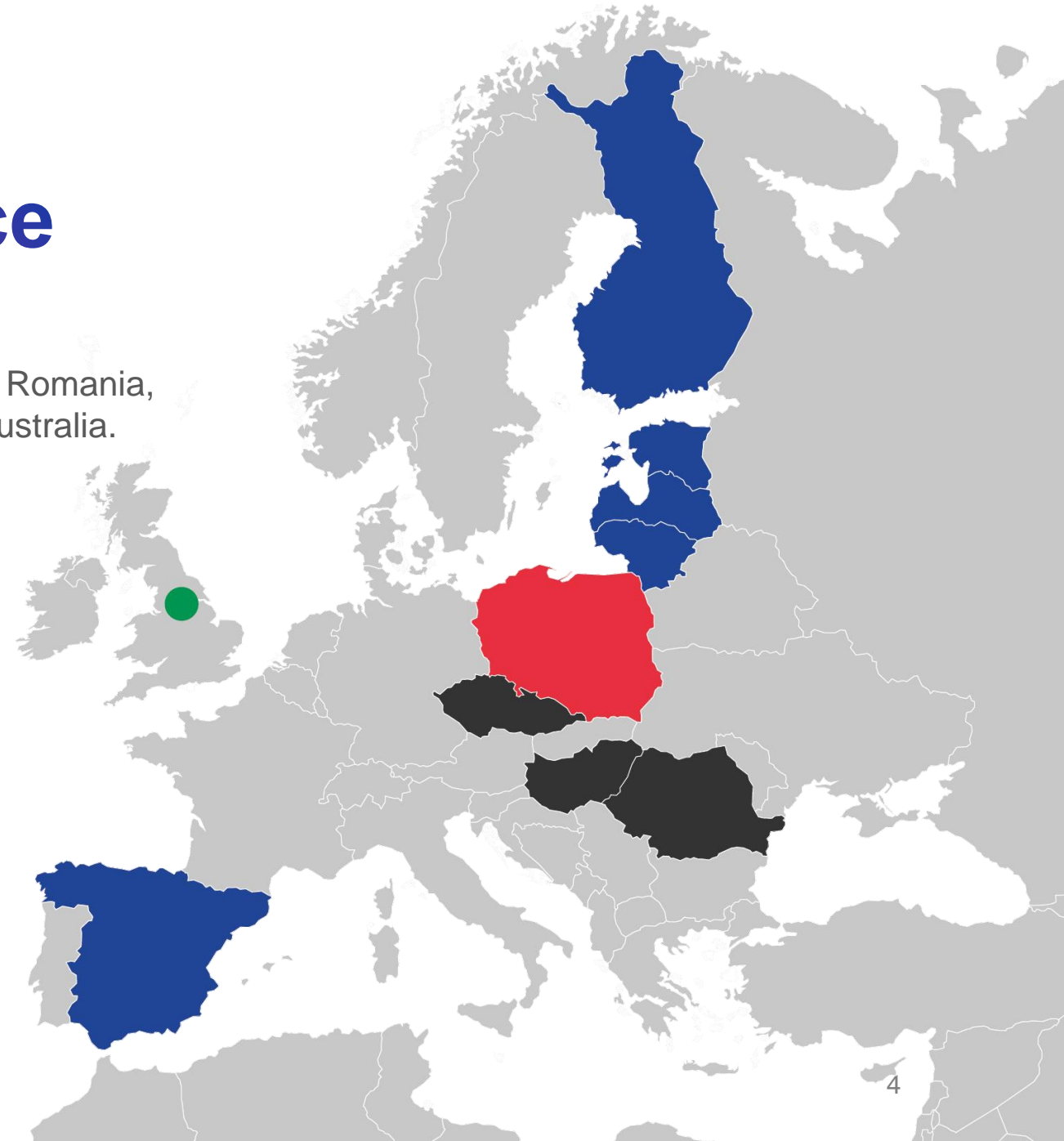
All key statistics within this document are pre-exceptional, reported numbers from continuing operations under IAS 39 as at 31 December , unless stated otherwise

1. At 30 June 2018. 2. Adjusted for exceptional tax charge

Geographical Presence

We operate across: Poland, Czech Republic, Hungary, Romania, Finland, Latvia, Estonia, Lithuania, Spain, Mexico and Australia.

- Home Credit & IPF Digital
- IPF Digital
- Home Credit
- IPF plc Head Office

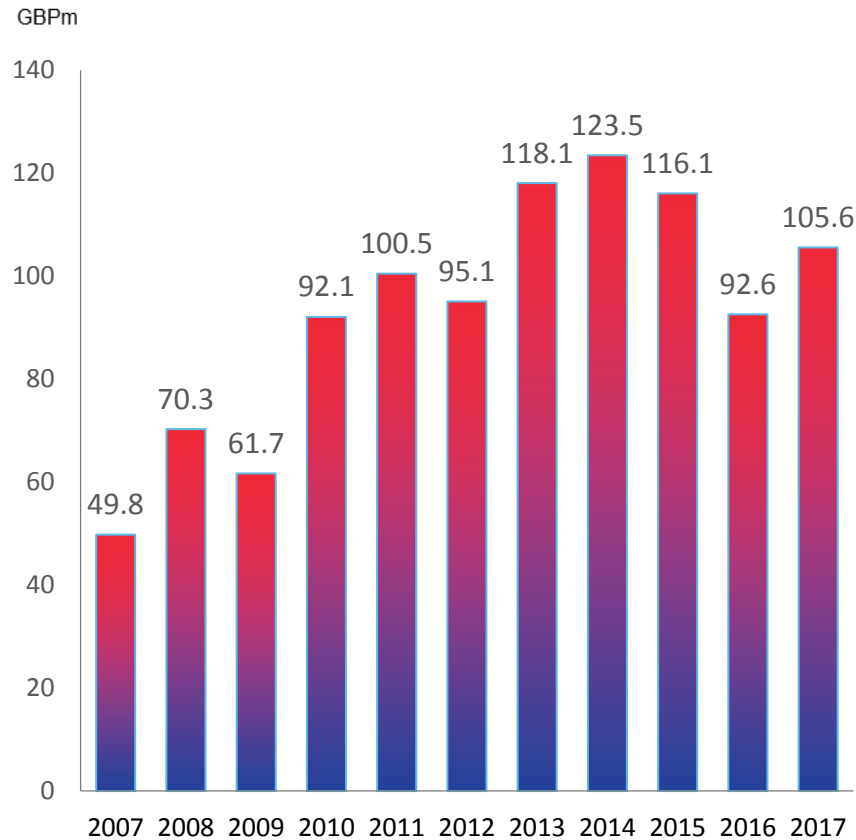




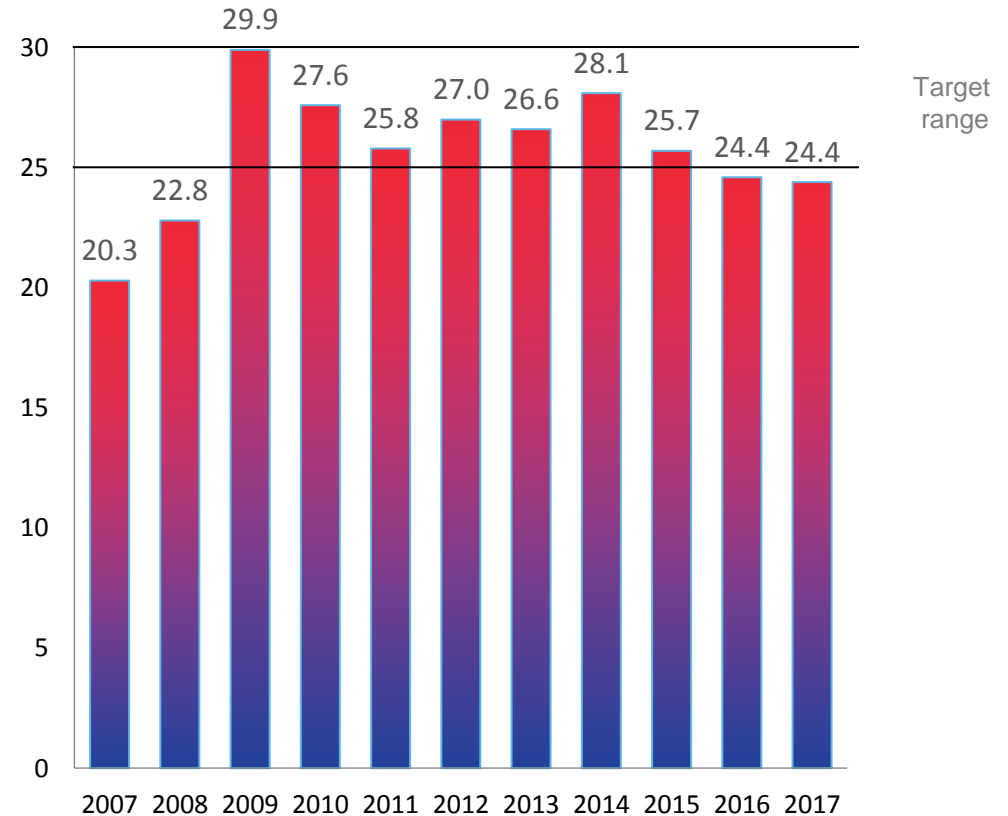
Strong track record of delivering growth

Delivering long-term profitability with consistent credit quality – even during global financial crisis

Profit before tax and exceptional items



Impairment % revenue





Robust investment proposition

Profitable, well-funded consumer credit business with track record of meeting underserved customers' needs responsibly

Highly responsible consumer finance

World's largest home credit business and a leading fintech operator

Focused business and financial strategy

Developing high return businesses and maintaining strong financial profile

Effective risk management

Long track record of managing key risks including credit, regulation, competition and liquidity

Strong financial profile

Robust balance sheet and strong funding position

Experienced management team

Broad range of financial services experience



Highly responsible consumer finance business

The world's largest home credit business and a leading fintech operator

01

Home credit customers

Typical customer features

- Low fluctuating income
- Limited credit history
- Prefer agent service
- Need to manage finances carefully
- Seek flexibility

How our customers use their loans

- Unexpected expenses
- Healthcare
- Household goods
- Education
- Family celebrations
- Investing in their micro-business



Digital customers

Typical customer features

- Low to middle income
- Like to shop and borrow online
- High smartphone ownership
- Existing credit history
- Seek flexibility

How our customers use their loans

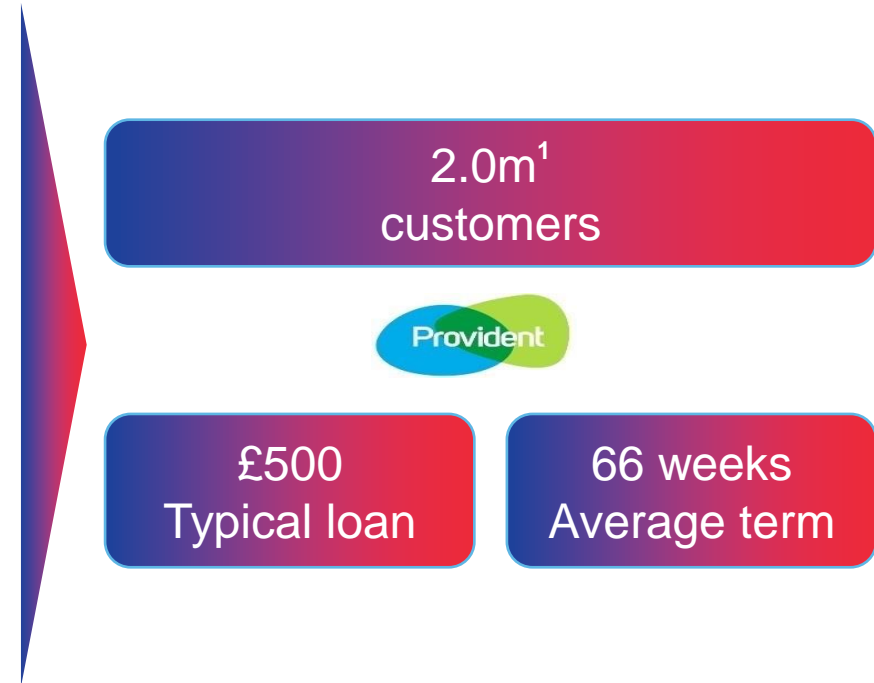
- Holidays
- Home improvements
- Healthcare
- Household goods



Home credit

130 year old business model with around 21,000 agents meeting customers in their homes

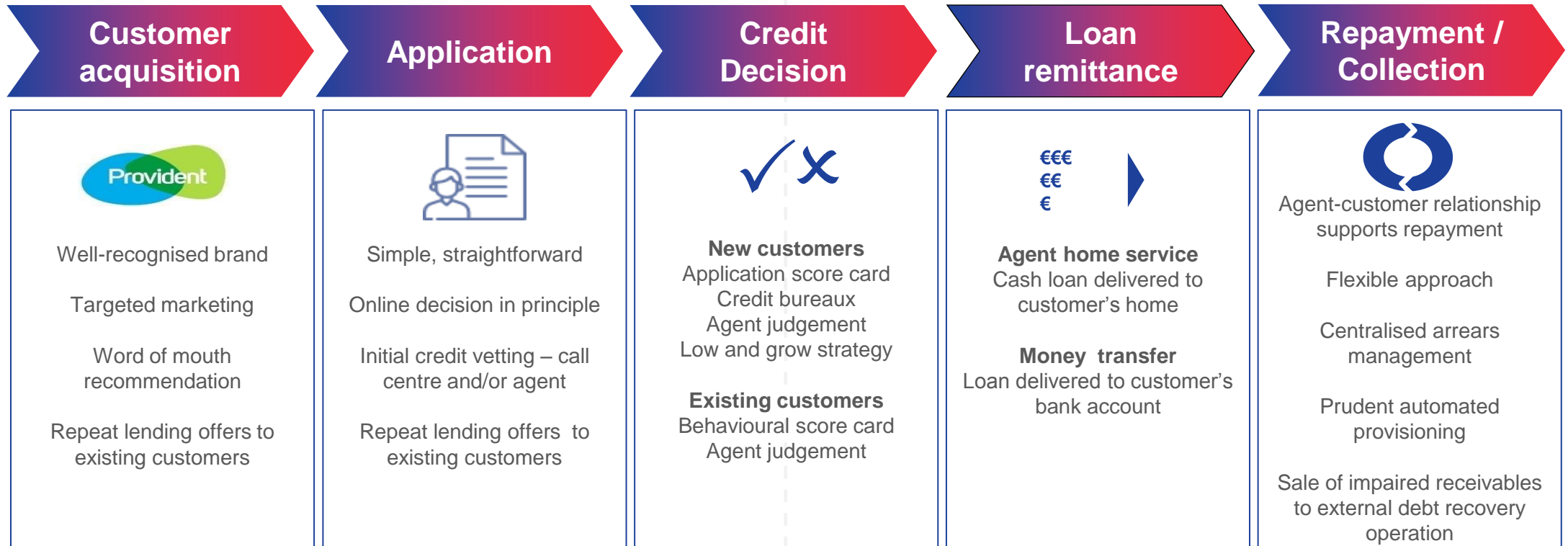
Products	<ul style="list-style-type: none">• Small sum, short-term unsecured loans• Cash loans with agent service• Money transfer loans direct to bank account• Home, medical and life insurances• Micro-business loans• Provident-branded digital loans
Length and amortisation	<ul style="list-style-type: none">• Weekly and monthly repayments• Loan terms from 12 weeks to 3 years
Responsible lending	<ul style="list-style-type: none">• Agents paid commission primarily on collections• No additional penalty or interest charges for missed or late repayments within contract• Late payment fees, if used, are not a primary revenue stream



¹ At 30 June 2018



Home credit: personal, flexible service



← Less than 48 hours from application to receipt of loan with agent service →



IPF Digital

Digital business model operating successfully for more than 10 years

Products

- Small sum, short-term unsecured instalment loans
- Click and draw revolving credit facility
- Remote lending model providing credit direct to and repaid from customer's bank account

Characteristics

- Flexible, fast and responsible credit decision making
- Engaging technology-enabled customer experience

Length and amortisation

- Monthly repayments
- Instalment loan terms up to 4 years

General trends in digital lending

- Re-imagining end-to-end workflows and processes
- Delivering a human touch digitally
- Cost-effectively providing personalised advice at scale
- Providing additional value-add services

250,000¹ customers

Credit24

creditea

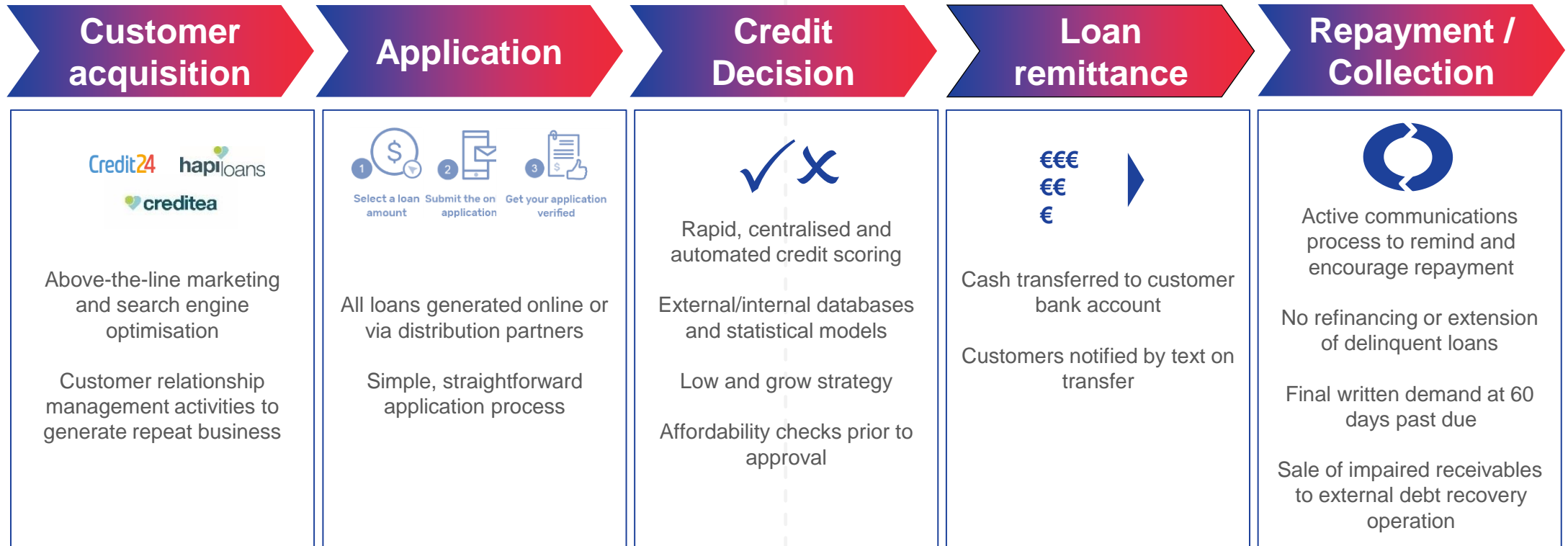
hapi loans

£800
Average customer outstanding balance

¹ At 30 June 2018



IPF Digital: fast, flexible remote lending



← **Less than 48 hours from application to receipt of loan with agent service** →



Responsible lending principles

Engaging with customers in a responsible way



Advertising and marketing: Advertisement in a clear and appropriate manner



Affordability: Thoroughly assess ability to repay and do not refinance to a customer's detriment



Product suitability: Products suited to customers' needs. 'Right to withdrawal' period if customer changes their mind



Pricing: Fair, transparent pricing. Late payment fees, if used, help to re-engage customers not a primary revenue stream



Customer communication: Communicate clearly and uphold right to confidentiality. Select and train agents to serve customers to a high standard



Collections and debt recovery: Responsible collections, aim to avoid adversely affecting a customer's credit history and only deal with reputable debt recovery agencies



Focused business and financial strategy

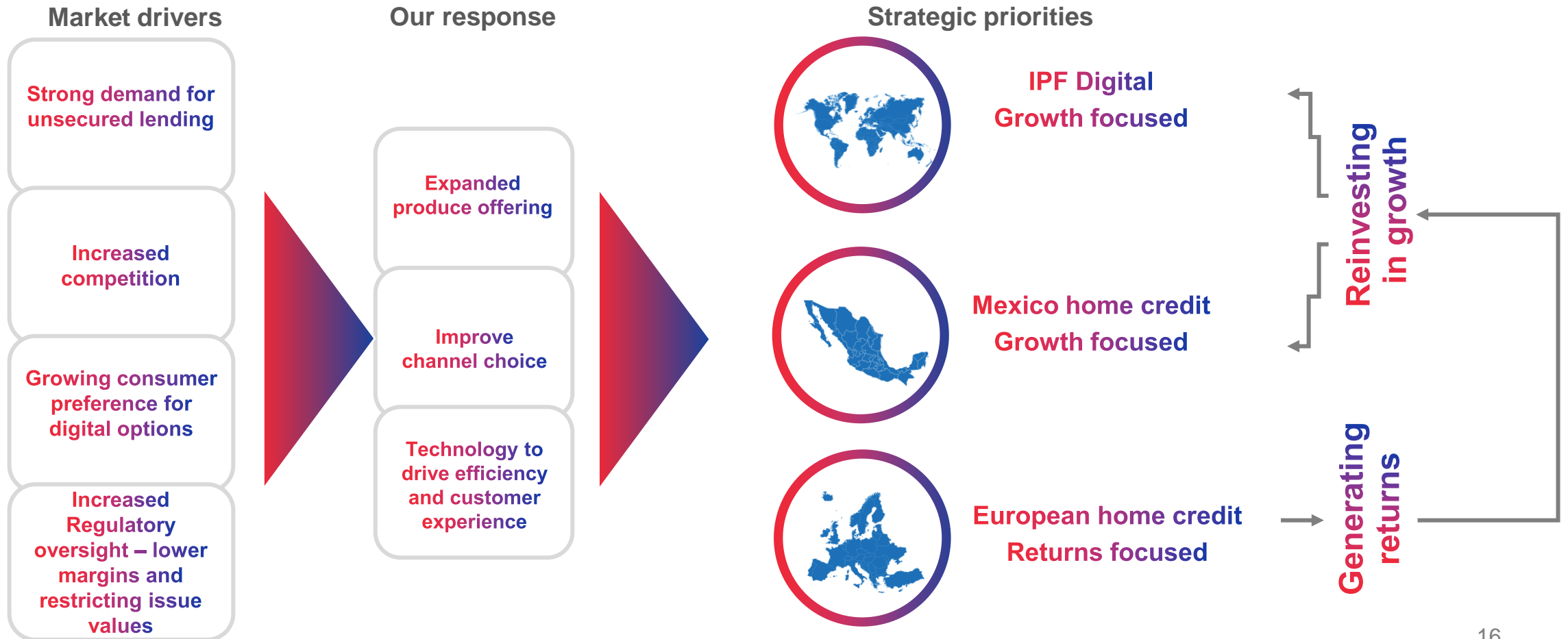
Developing high return businesses and maintaining a strong financial profile

02



A clear strategy for profitable growth

Multi-channel strategy generating good returns and enabling investment in growth





Key strategic priorities



European home credit Returns focused

Key priorities

- Manage to optimise returns
- Deliver increased efficiency
- Roll out Provident-branded digital offer
- Generate capital to reinvest in growth businesses



Mexico home credit Growth focused

Key priorities

- Expand geographical coverage
- Build micro-business loans channel
- Drive significant operational leverage



IPF Digital Growth focused

Key priorities

- Deliver profit growth in established markets
- Focus on growing new markets
- Invest in HO capability and IT functionality
- Bring to profitability

Good operational and financial performance in H1 2018

- Good credit issued growth and well-managed credit quality
- Robust funding and balance sheet position

£56.5m +29%

Profit before tax up £12.6m*

43.5%

Equity to receivables

£211m

Headroom on funding facilities

4.6p

Interim dividend per share maintained





H1 2018 highlights



Home credit

Credit issued broadly flat

Very good portfolio quality in Europe

Good growth in Mexico



IPF Digital

Strong top-line growth

New markets growing strongly

Established markets delivered
good profit growth



Financial and operational targets

Develop high return businesses and maintain strong financial profile

- 1 Good track record of achieving good returns even during periods of market volatility and change
- 2 European home credit - ~£100m PBT, cash and capital generative, providing attractive returns
- 3 IPF Digital and Mexico home credit growing strongly - continue investment to further build returns
- 4 Strong balance sheet and funding position, and robust financial risk management
- 5 Target equity to receivables capital ratio of 40% (~47% December 2017)
- 6 Target impairment to revenue range 25-30% under IAS 39 (24.4% December 2017)
- 7 Significant headroom on financial covenants and resilience to counter external factors including regulatory turbulence and taxation challenges



Good profit margins at maturity

Established home credit and digital businesses deliver good profit margins at maturity

	European home credit	Mexico home credit	IPF Digital (established markets)	IPF Group
Revenue yield (revenue / average net receivables)	76.3%	126.0%	57.9%	83.1%
Impairment % revenue	18.1%	34.8%	20.8%	24.4%
Cost-income	40.8%	40.4%	40.9%	45.8%
Profit margin	22.6%	6.8%	29.2%	12.8%

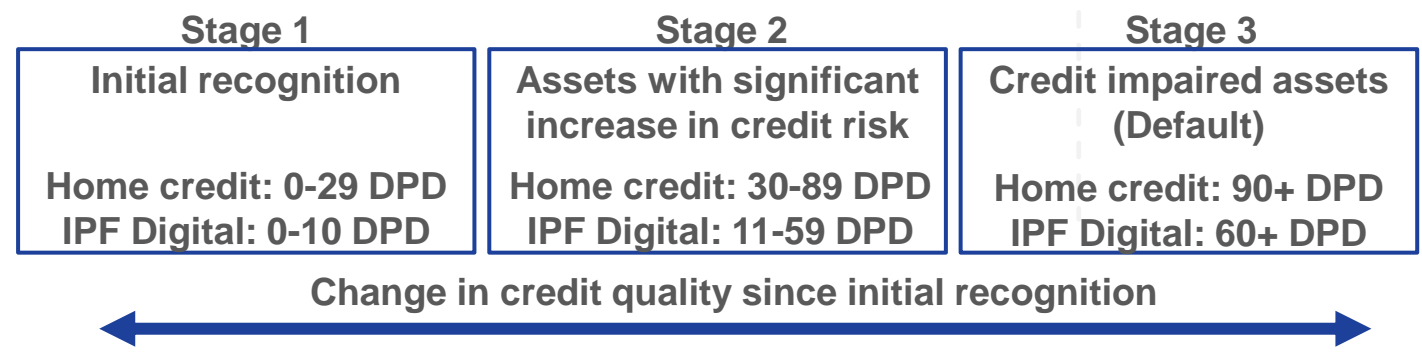
The European home credit operations are mature, with Mexico home credit and IPF Digital currently building to scale



Prudent, objective and centrally controlled provisioning

- IFRS 9 is a new accounting standard effective 1 January 2018
- Move from incurred loss to expected loss methodology for impairment accounting
- Differential ongoing impact on profitability based on business maturity
- Preliminary assessment of day one reduction in receivables carrying value of between 11% to 13% – booked to reserves
- Profit before tax in 2017 estimated to have been between 6% to 8% lower than reported under IAS 39
- IFRS 9 is an accounting change only. No impact on business model, credit quality, cash flows, economic value or returns

IFRS 9 classification of stages



- All new agreements start in stage 1
- Staging based on customer repayment performance
- Days past due is the trigger for stage movement



Effective risk management

Long track record of managing key risks including credit, regulation, competition and liquidity

03



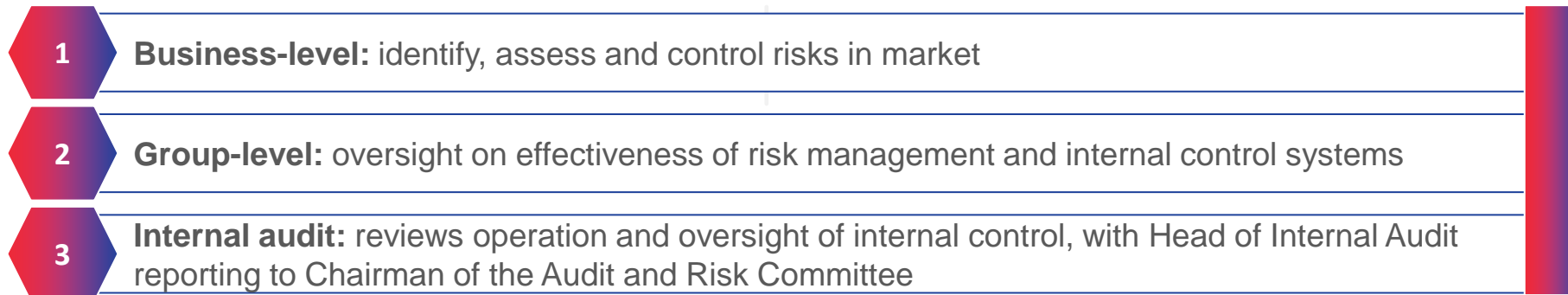
Effective risk management

Framework for identifying, evaluation and management of key risks

Responsibilities and tasks by function



Three Assurance Lines of Defence

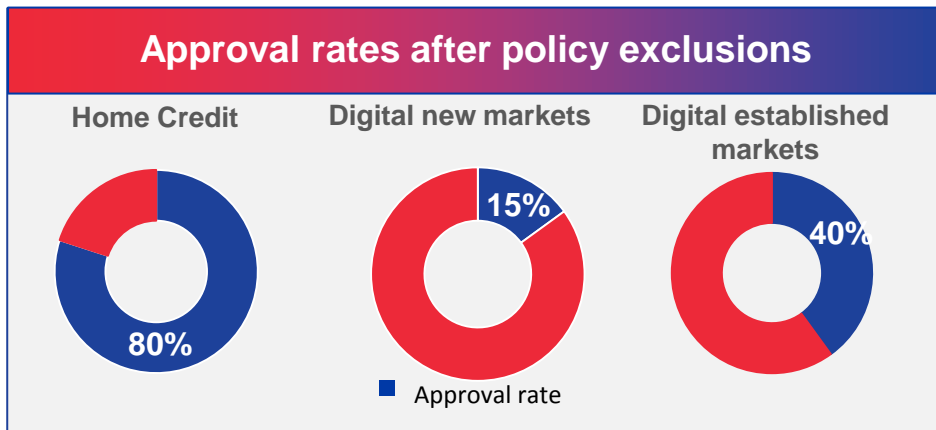




Credit scoring and approval

Powerful suite for credit management systems

- Centralised credit management systems and dedicated credit professionals in established markets
- Application and behavioural credit score per market including credit bureau data
- Scoring models built using database of >40 million loans
- Lending based on disposable income not asset value
- Low and grow strategy
- Centralised arrears strategy



IPF Digital

- Lower risk credit profile - remote customer experience
- Rapid, continual development of scoring models
- Customer transfer '1 cent' bank account verification
- Forward flow early debt sale

Home credit (Europe and Mexico)

- Higher risk credit profile – agent critical to credit management and customer relationship
- Assessment of customer character, circumstances and capacity to repay
- Agents remunerated primarily on collections



Regulatory environment

- Shares and bonds listed on a number of EU stock exchanges – comply with all listing and disclosure requirements
- Regulated by National Banks in certain jurisdictions, local consumer credit legislation and civil codes
- Operate under credit price controls in most European markets
- Actively manage regulatory issues – in-house and external legal and public affairs teams, strong relationships with regulators and other stakeholders
- Higher cost of credit means higher regulatory scrutiny – track record of evolving products and services, or successfully withdrawing from market if necessary



Current regulatory and tax matters

Romania APR cap proposal



- Proposed APR cap of 18%
- Engaging with key stakeholders
- Debate likely to resume Autumn 2018

Poland total cost of credit cap proposal



- Proposed tightening of APR cap
- No update
- Engaging with key stakeholders

Romania debt-to-income proposal



- National Bank of Romania considering debt-to-income proposal
- Engaging with key stakeholders
- Expect new rules to be enacted later in 2018

Polish tax audit



- Appealed Tax Chamber decision
- Pending resolution between UK and Polish tax authorities



Strong financial profile

Robust balance sheet and strong funding position

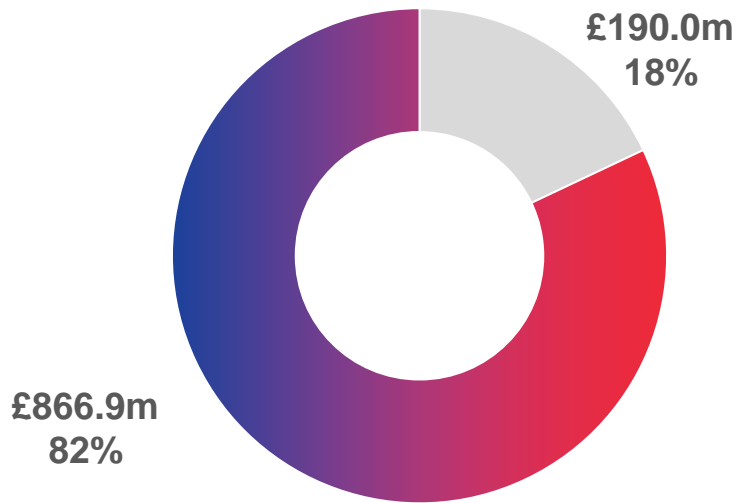
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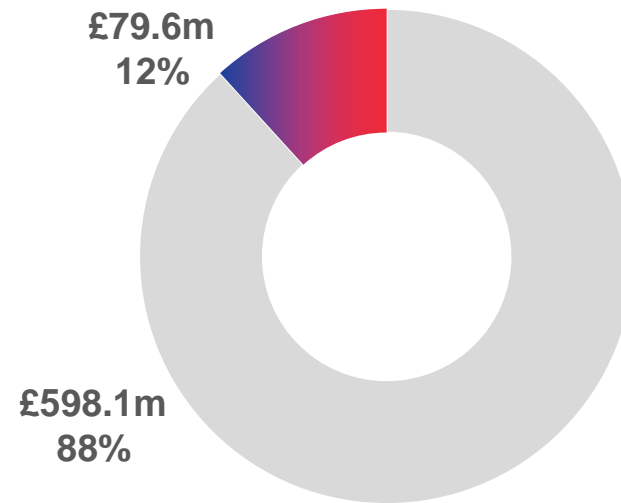
Strong financial profile

We borrow long and lend short which provides stable cover for our receivables

Receivables



Borrowings



 Less than one year

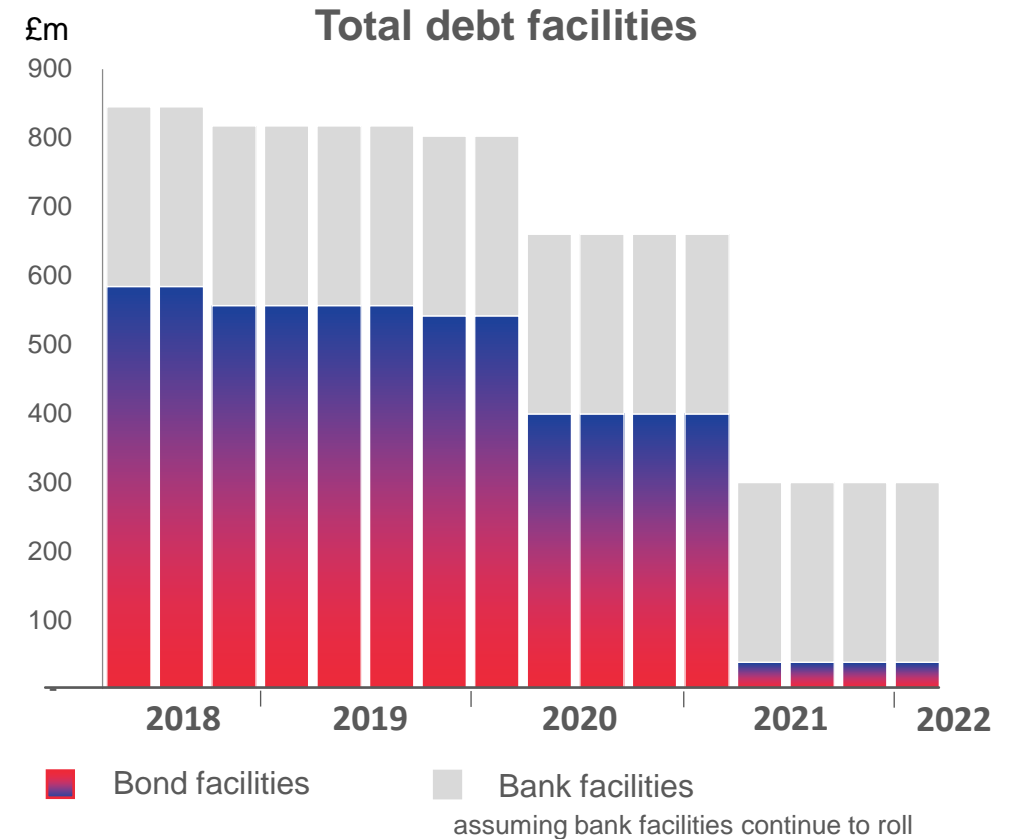
 More than one year



Robust balance sheet and funding position

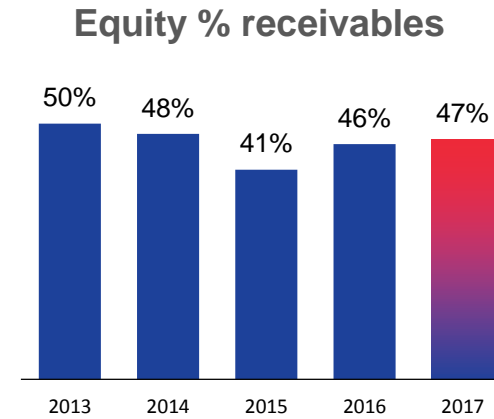
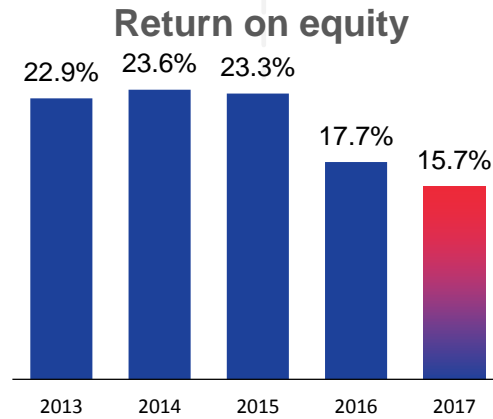
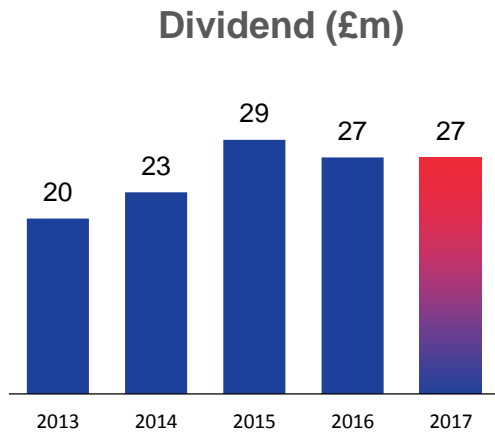
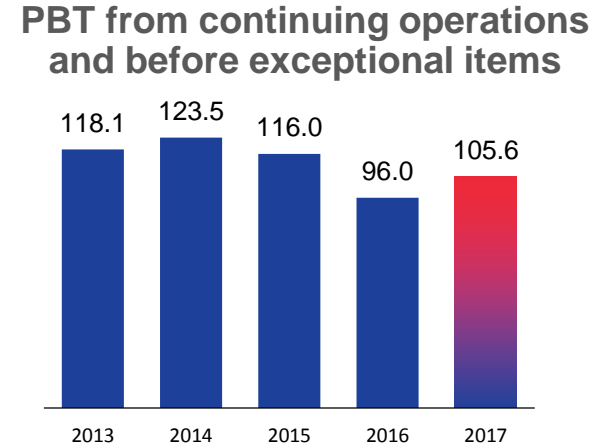
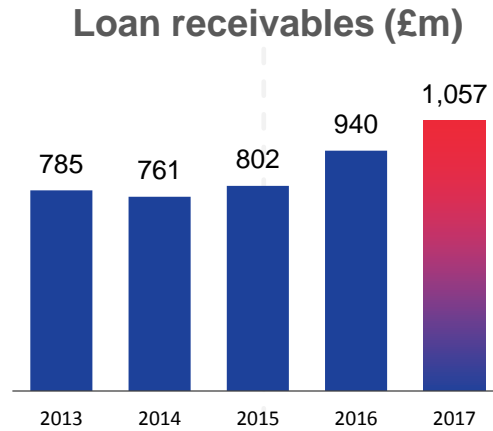
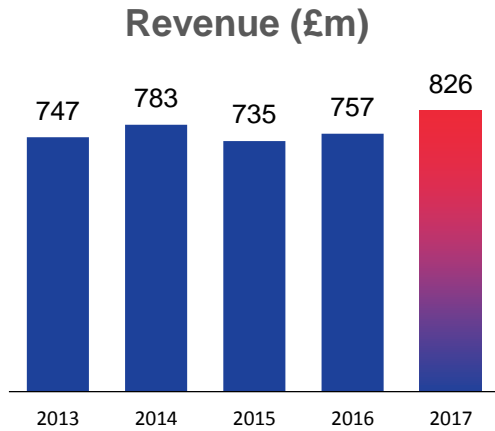
Funding position further strengthened and dividend maintained

- Continued strategy to diversify and extend debt facilities
 - New 4-year SEK 450m (£39m) bond issued
 - £18m of new facilities from two new banks
 - £48m extends beyond 2021 Eurobond
- Total debt facilities £865m - £211m of headroom
- Equity to receivables of 43.5% after impact of IFRS 9
- Interim dividend maintained at 4.6 pence per share





Key financial statistics





Experienced management team

Broad range of financial services expertise

05



Senior management team

Highly experienced team with international home credit and digital lending expertise



David Parkinson
*Regional Manager
Northern Europe*

Long-standing experience of leading and managing home credit operations in IPF's international markets. Previously held various operational roles in the UK for Provident Financial



Botond Szirmak
*Regional Manager
Southern Europe*

Vast experience of home credit having held various management roles before becoming Country Manager, Hungary in 2008 and Regional Manager of Southern Europe in 2014



Robert Husband
*Country Manager
Mexico*

A chartered accountant with more than 10 years' experience working for the IPF Group in Mexico in a range of senior management and financial operational roles



Rami Ryhanen
*CEO
IPF Digital*

Extensive experience of leading and managing an expanding, international digital lending business



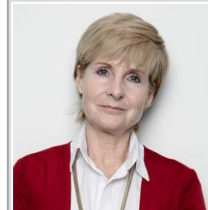
John Williams
*Group Credit
Director*

Highly experienced credit professional with 25 years' experience of working for leading financial services and retail organisations



James Ormrod
*Chief Legal
Officer*

UK and US qualified lawyer with 26 years' experience in private practice and in-house companies in the financial, engineering, IT and telecommunications sectors



Lyndsey Scott
*Group HR
Director*

Extensive experience of large-scale organisation transformation and senior executive assessment and coaching across a range of business sectors



Doug Kleppan
*Business
strategy and
planning
director*

Strategic planning expertise with a diverse background of leadership roles across finance, IT, credit and programme delivery within a number of sectors




Our board

Highly experienced Board with international home credit and digital lending expertise




Dan O'Connor
Chairman

30 years' experience in large international and financial services businesses and strong strategic leadership




Gerard Ryan
CEO

More than 25 years' multi-country experience in consumer financial services businesses and strong leadership



Justin Lockwood
CFO

More than 15 years' experience in senior financial management roles and strong financial leadership



Tony Hales
Senior independent non-executive director

Strong business expertise and extensive knowledge of the IPF Group




Richard Moat
Non-executive director

More than 25 years' international telecoms experience in senior management roles and provides financial and operational expertise



John Mangelaars
Non-executive director

Considerable experience in sales and e-commerce supporting the Group's expansion of digital lending and increased technology capabilities



Cathryn Riley
Non-executive director

20 years' experience in insurance and financial services together with international roles



Robust investment proposition

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Effective risk management

Long track record of managing key risks including credit, regulation, competition and liquidity

Strong financial profile

Robust balance sheet and strong funding position

Experienced management team

Broad range of financial services experience



Appendices

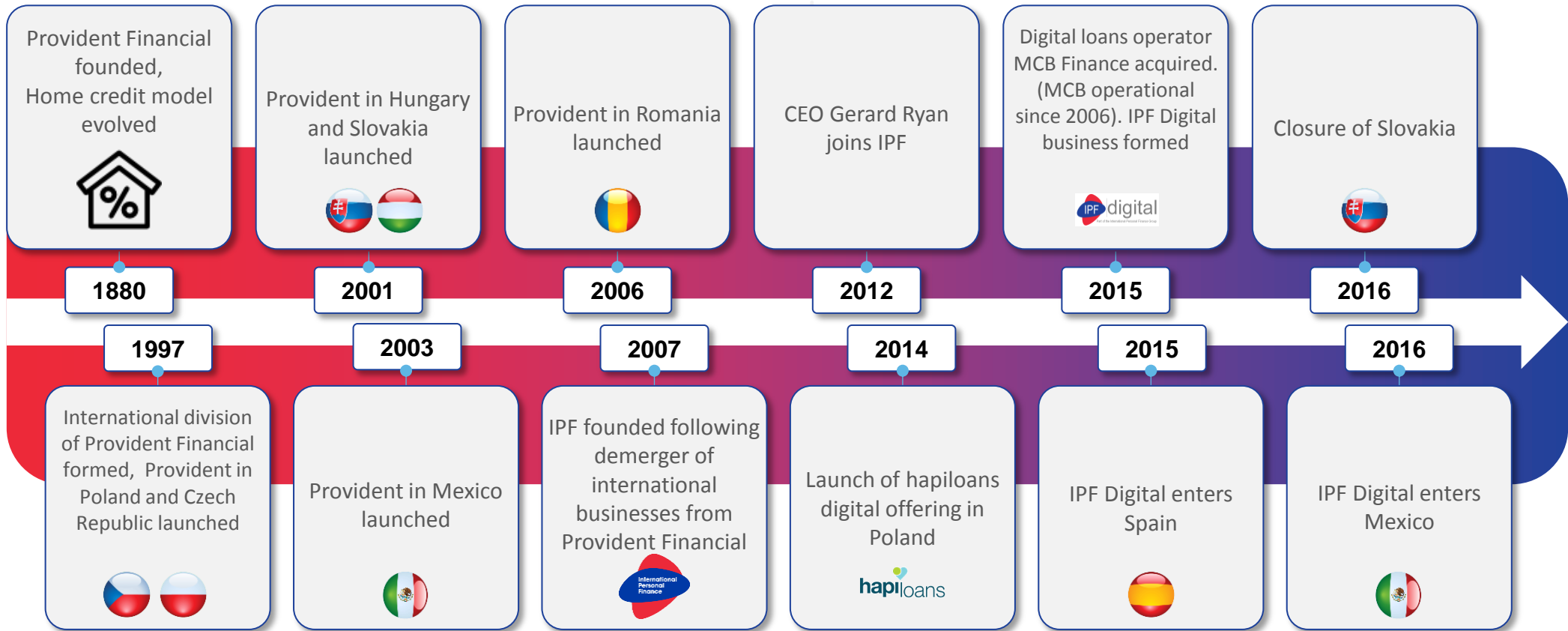
All H1 2017 performance data within the appendices has been adjusted for IFRS 9 to provide the most relevant comparison of performance trends

06



Long history with clear path forward

Strategic focus of geographical and digital lending expansion





Award-winning business

Recognised for responsible lending practices, outstanding corporate culture and a great place to work

<p>Leading Employer</p>  <p>Provident Polska</p>	<p>Responsible Lender</p>  <p>Provident Czech Republic</p>	<p>Leading consumer brand</p>  <p>Provident Romania</p>	<p>Leading employer</p>  <p>IPF Digital Mexico</p>
<p>Customer Service Excellence</p>  <p>Provident Hungary</p>	<p>Strong practices</p>  <p>Strong environmental, social and governance practices</p>	<p>Product excellence</p>  <p>IPF Digital</p>	<p>Strong performance</p>  <p>Provident Polska</p>



Group – H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	2,395	2,247	(148)	(6.2)	
Credit issued	616.0	632.2	16.2	2.6	2.2
Average net receivables	841.2	902.6	61.4	7.3	6.1
Revenue	409.3	418.9	9.6	2.3	2.5
Impairment	(120.3)	(102.6)	17.7	14.7	13.9
Net revenue	289.0	316.3	27.3	9.4	9.2
Finance costs	(27.1)	(28.0)	(0.9)	(3.3)	(2.9)
Agents' commission	(42.2)	(40.7)	1.5	3.6	3.1
Other costs	(175.8)	(191.1)	(15.3)	(8.7)	(8.7)
Profit before taxation – ongoing businesses	43.9	56.5	12.6	28.7	



Group – like-for-like profit reconciliation

	H1 2017 IFRS 9 profit £m	Like-for-like profit movement £m	New business investment £m	Stronger FX rates £m	H1 2018 IFRS 9 profit £m
European home credit	55.8	2.6	-	1.8	60.2
Mexico home credit	5.7	3.2	(0.6)	(0.9)	7.4
IPF Digital	(10.5)	1.8	5.1	(0.1)	(3.7)
Central costs	(7.1)	(0.3)	-	-	(7.4)
Profit before taxation ongoing businesses	43.9	7.3	4.5	0.8	56.5
Slovakia and Lithuania	5.4	(5.6)	-	0.2	-
Profit before taxation continuing operations	49.3	1.7	4.5	1.0	56.5



European home credit – H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,333	1,132	(201)	(15.1)	
Credit issued	378.8	367.7	(11.1)	(2.9)	(5.5)
Average net receivables	565.0	568.9	3.9	0.7	(2.3)
Revenue	258.9	250.1	(8.8)	(3.4)	(5.9)
Impairment	(63.5)	(44.9)	18.6	29.3	30.4
Net revenue	195.4	205.2	9.8	5.0	2.0
Finance costs	(17.8)	(18.0)	(0.2)	(1.1)	1.6
Agents' commission	(28.1)	(27.2)	0.9	3.2	5.9
Other costs	(93.7)	(99.8)	(6.1)	(6.5)	(3.5)
Profit before taxation	55.8	60.2	4.4	7.9	



Mexico home credit – H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	841	865	24	2.9	
Credit issued	131.2	129.1	(2.1)	(1.6)	6.5
Average net receivables	147.5	144.1	(3.4)	(2.3)	5.1
Revenue	106.3	103.5	(2.8)	(2.6)	5.4
Impairment	(35.7)	(34.1)	1.6	4.5	(3.6)
Net revenue	70.6	69.4	(1.2)	(1.7)	6.3
Finance costs	(5.9)	(5.0)	0.9	15.3	9.1
Agents' commission	(14.1)	(13.5)	0.6	4.3	(3.1)
Other costs	(44.9)	(43.5)	1.4	3.1	(3.8)
Profit before taxation	5.7	7.4	1.7	29.8	



IPF Digital – H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	221	250	29	13.1	
Credit issued	106.0	135.4	29.4	27.7	25.4
Average net receivables	128.7	189.6	60.9	47.3	44.4
Revenue	44.1	65.3	21.2	48.1	45.4
Impairment	(21.1)	(23.6)	(2.5)	(11.8)	(8.8)
Net revenue	23.0	41.7	18.7	81.3	79.7
Finance costs	(3.4)	(5.0)	(1.6)	(47.1)	(47.1)
Other costs	(30.1)	(40.4)	(10.3)	(34.2)	(32.9)
Profit before taxation	(10.5)	(3.7)	6.8	64.8	



IPF Digital – established markets, H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	141	151	10	7.1	
Credit issued	63.7	78.3	14.6	22.9	20.3
Average net receivables	93.8	126.6	32.8	35.0	31.9
Revenue	27.9	37.4	9.5	34.1	30.8
Impairment	(5.0)	(8.1)	(3.1)	(62.0)	(50.0)
Net revenue	22.9	29.3	6.4	27.9	26.3
Finance costs	(2.4)	(3.1)	(0.7)	(29.2)	(29.2)
Other costs	(12.0)	(15.7)	(3.7)	(30.8)	(29.8)
Profit before taxation	8.5	10.5	2.0	23.5	



IPF Digital – new markets, H1 2018

	H1 2017 IFRS9 £m	H1 2018 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	80	99	19	23.8	
Credit issued	42.3	57.1	14.8	35.0	33.1
Average net receivables	34.9	63.0	28.1	80.5	78.5
Revenue	16.2	27.9	11.7	72.2	71.2
Impairment	(16.1)	(15.5)	0.6	3.7	4.9
Net revenue	0.1	12.4	12.3	-	-
Finance costs	(1.0)	(1.9)	(0.9)	(90.0)	(90.0)
Other costs	(13.9)	(18.8)	(4.9)	(35.3)	(35.3)
Profit before taxation	(14.8)	(8.3)	6.5	43.9	



Strong financial profile – H1 2018

	December 2017	June 2018
Receivables	926.4	888.3
Equity	391.2	386.6
Equity to receivables	42.2%	43.5%
Gearing	1.7x	1.7x
Adjusted earnings per share	31.0*	16.7
Interest cover	3.0	3.1



Balance sheet – H1 2018

	December 2017*	June 2018	Change at CER %
Goodwill	24.4	23.9	(2.0%)
Fixed assets	56.3	53.1	(4.0%)
Receivables	926.4	888.3	(0.1%)
Cash	27.4	33.6	26.3
Borrowings	(677.7)	(650.7)	1.1%
Other net assets	34.4	38.4	(24.3%)
Equity	391.2	386.6	4.9%

* December 2017 adjusted for IFRS 9



Contacts

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Group Treasurer

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Email: investors@ipfin.co.uk