



2019 half-year results Making a difference

31 July 2019
International Personal Finance plc



Group highlights

Half-year results 2019

Gerard Ryan - CEO

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Group highlights

Good financial performance

£672.3m **+7%**
Credit issued

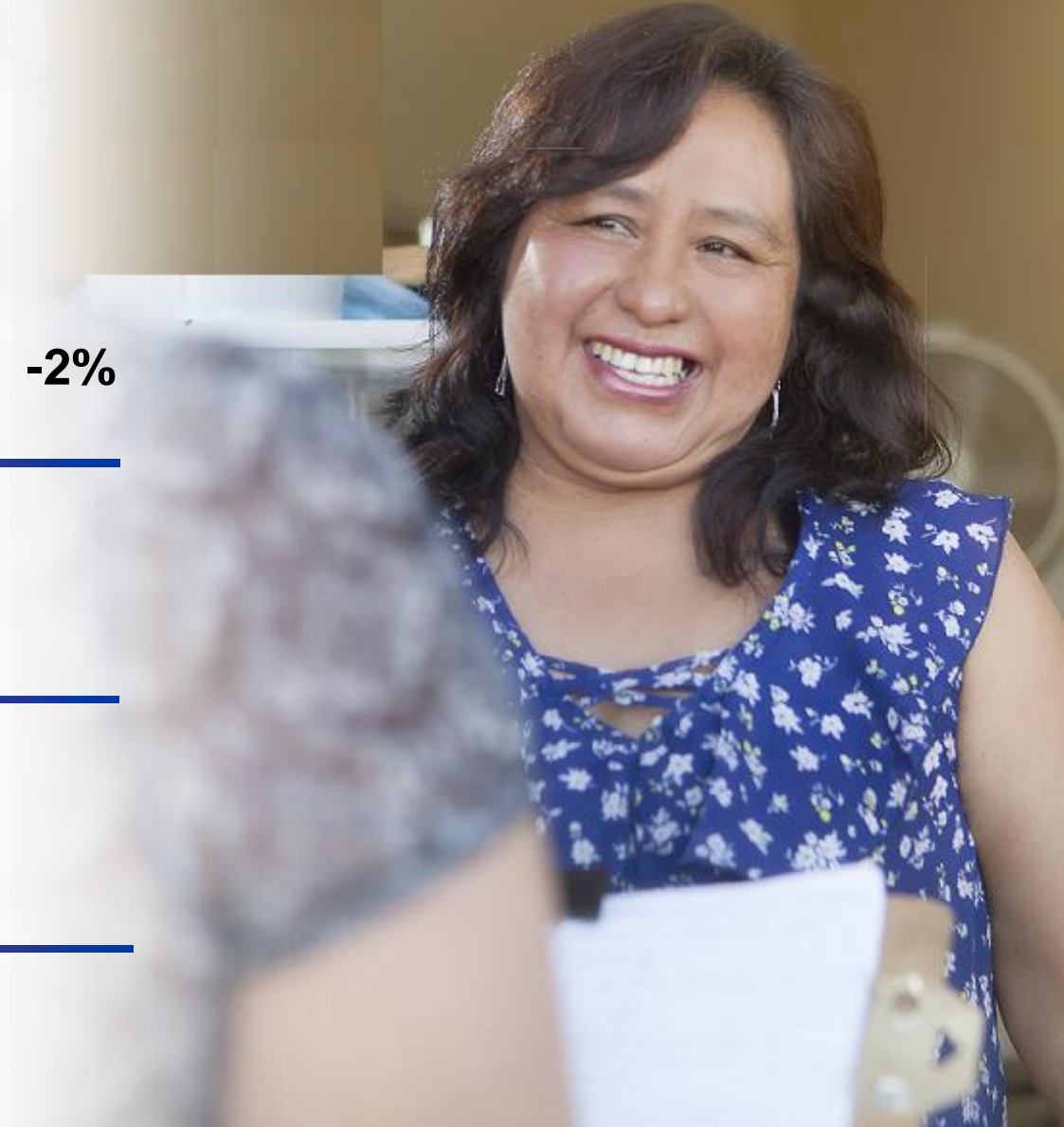
27.7% **-2.2ppts**
Impairment % revenue

44.9% **+1.4ppts**
Equity to receivables

2.2m **-2%**
Customers

£56.1m
Profit before tax

4.6p
Interim dividend per share





Financial performance

Justin Lockwood - CFO

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Group PBT by segment

£60.2m - **Strong operational execution**
European home credit

£3.5m (£3.9m) **Challenging first half**
Mexico home credit

(£0.4m) +£3.3m **Strong top-line growth
Close to breakeven**
IPF Digital

£56.1m (£0.4m) **Good financial performance**
Group





European home credit

Strong operational execution delivered performance ahead of plan

Customers	1,032,000	-9%	Successfully slowing rate of contraction
Credit issued	£364.6m	+2%[†]	Offering slightly larger, longer-term loans to higher quality customers
Average net receivables	£549.8m	-1%[†]	Modest contraction
Impairment % revenue	15.7%	+2.2ppts*	Very strong portfolio quality and good agent collections
Cost-income ratio	41.6%	-0.7ppts*	Investing in technology while controlling costs
Profit before tax	£60.2m	-	Good profit performance on back of strong operational execution and returns focus

[†] at constant exchange rates * Since December 2018



Mexico home credit

Challenging first-half performance, significant growth potential

Customers	861,000	-	Prioritised quality over growth
Credit issued	£136.4m	-1%[†]	Implemented more cautious credit settings and operational actions to improve performance
Average net receivables	£167.8m	+10%[†]	Increase reflects H2 2018 credit issued growth
Impairment % revenue	40.9%	-4.2ppts*	Weaker collections performance
Cost-income ratio	37.1%	+1.6ppts*	Good cost control in established branches and benefit of operational leverage
Profit before tax	£3.5m	-£3.9m	Full-year performance expected to be lower than original expectations

[†] at constant exchange rates * Since December 2018

IPF Digital

Strong top-line growth, and building scale

£16.5m **+£6.0m**
Established markets

Improved profit

(£9.2m) **-£0.9m**
New markets

**Strong growth,
investing in scale**

(£7.7m) **-£1.8m**
Head office

**Investment in
functional capabilities**

(£0.4m) **+£3.3m**
IPF Digital

**On track to deliver
maiden profit in 2019**





IPF Digital – established markets

Improved quality and cost leverage delivered further profit growth

Customers	151,000	-	Stable
Credit issued	£80.9m	+4%[†]	Moderated growth as expected
Average net receivables	£134.6m	+7%[†]	Growth delivered increased receivables portfolio
Impairment % revenue	19.0%	+1.8ppts*	Further improved portfolio quality
Cost-income ratio	34.1%	+4.0ppts*	Tight cost control and significant cost leverage
Profit before tax	£16.5m	+£6.0m	Strong growth in profit

[†] at constant exchange rates * Since December 2018



IPF Digital – new markets

Strong top-line growth and cost leverage

Customers	153,000	+55%	Strong customer demand
Credit issued	£90.4m	+61%[†]	Customer growth drives credit issued growth
Average net receivables	£118.7m	+92%[†]	Top-line growth in 2018 and 2019 drove significantly increased receivables portfolio
Impairment % revenue	62.7%	-4.8ppts*	Dynamic credit strategies
Cost-income ratio	51.1%	+10.4ppts*	Economies of rapidly increasing scale delivered further cost leverage
Loss before tax	(£9.2m)	-£0.9m	Modest increase in start-up losses

[†] at constant exchange rates * Since December 2018

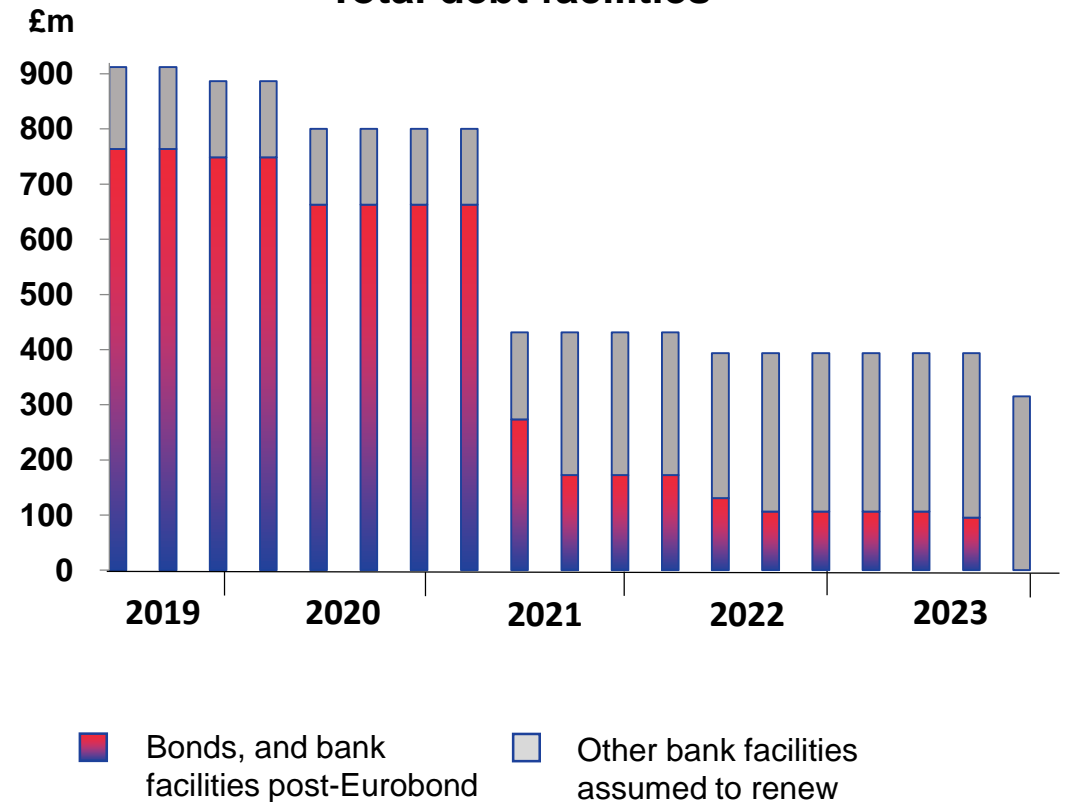


Funding and balance sheet

Strong funding position and robust balance sheet

- Further diversified funding and extended term
 - £86m of new funding in H1 2019
 - Successfully refinanced retail-eligible bond creating new £78.1m 7.75% bond maturing December 2023
 - £294m funding matures beyond Eurobond Q2 2021
- Total debt facilities £912m - £192m of headroom
- Equity to receivables of 44.9%
- Interim dividend of 4.6 pence per share (H1 2018:4.6p)

Total debt facilities





Strategy progress

Gerard Ryan - CEO

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Poland regulation

Proposed cap on non-interest charges for consumer loans

- Ministry of Justice further amended proposed cap
 - Flat level cap of 10% of loan value
 - Annualised cap of 10% of loan value
 - Combined total not to exceed 75% of loan value
- Draft proposals referred to EU and have started to proceed to Polish Parliament
- Parliamentary elections expected in October 2019
- If proposals are finalised, market update on potential financial impact when our assessment is completed

Example charges for typical 1-year loan

	Existing cap 25 + 30	Proposed cap 10 + 10
Loan	100	100
Flat level cap charge	25	10
Annualised cap charge	30	10
Interest rate cap	8	6
Total amount payable	163	126



Three pillar strategy

**European
home credit**



Returns focused

**Provide more product and
channel choice, improve
service and efficiency**

**Mexico
home credit**



Growth focused

**Invest in geographic
coverage and
micro-business lending**

**IPF
Digital**

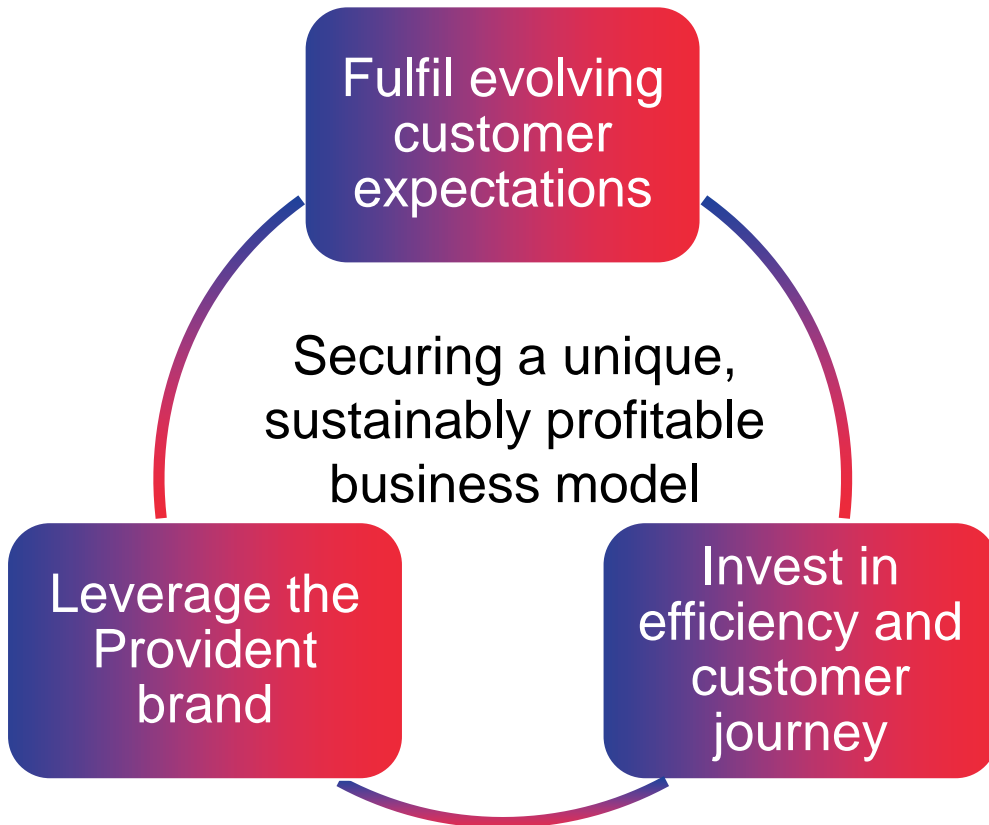


Growth focused

**Invest in innovation and
customer experience,
build scale**

European home credit

Returns focus



Fulfil evolving customer expectations

- Slightly longer, larger loans to higher quality customers
- More competitive pricing and better benefits
- Greater product and channel choice – insurance in all markets

Invest in efficiency and customer journey

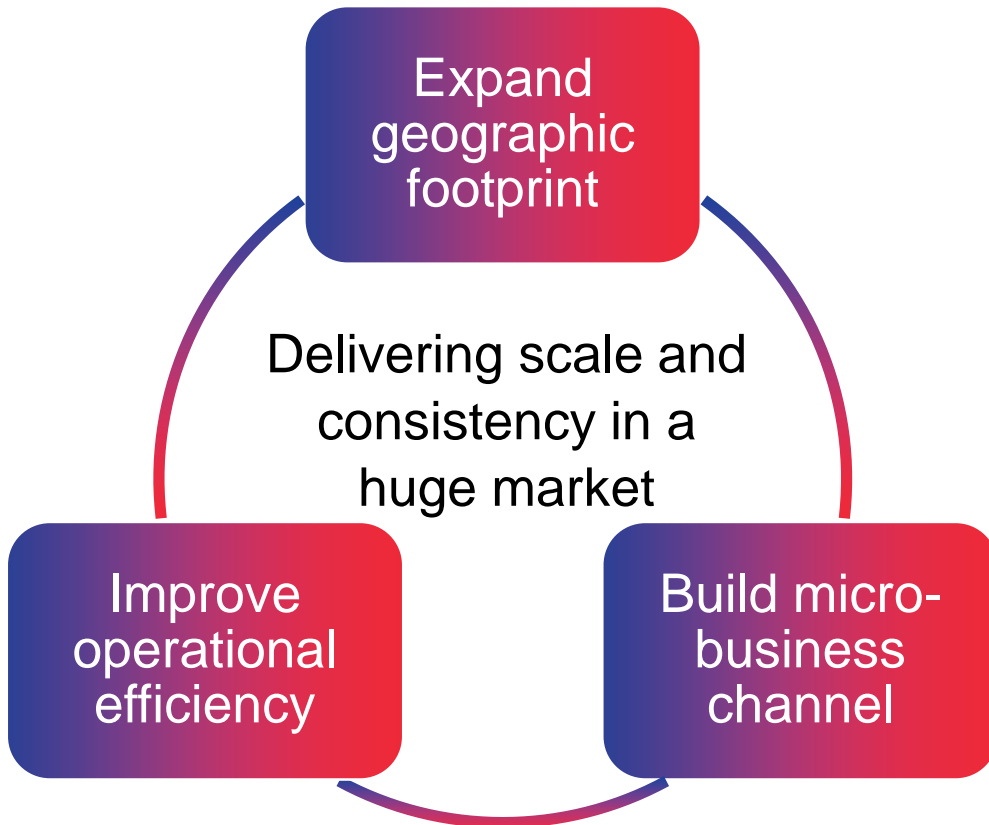
- Agent technology in use across all of Europe
- Improved customer experience, eliminating paper and delivering cost efficiencies
- Keeping good customers happy – 74% taken 3+ loans

Leverage the Provident brand

- Provident: 79% prompted brand awareness
- 27,000 Provident digital customers, 20%+ growth in six months

Mexico home credit

Growth focus



Expand geographic footprint

- Five branch openings, 2019 expansion plan complete
- Branches added since 2016 have 105,000 customers

Focus on quality to restart growth

Operational

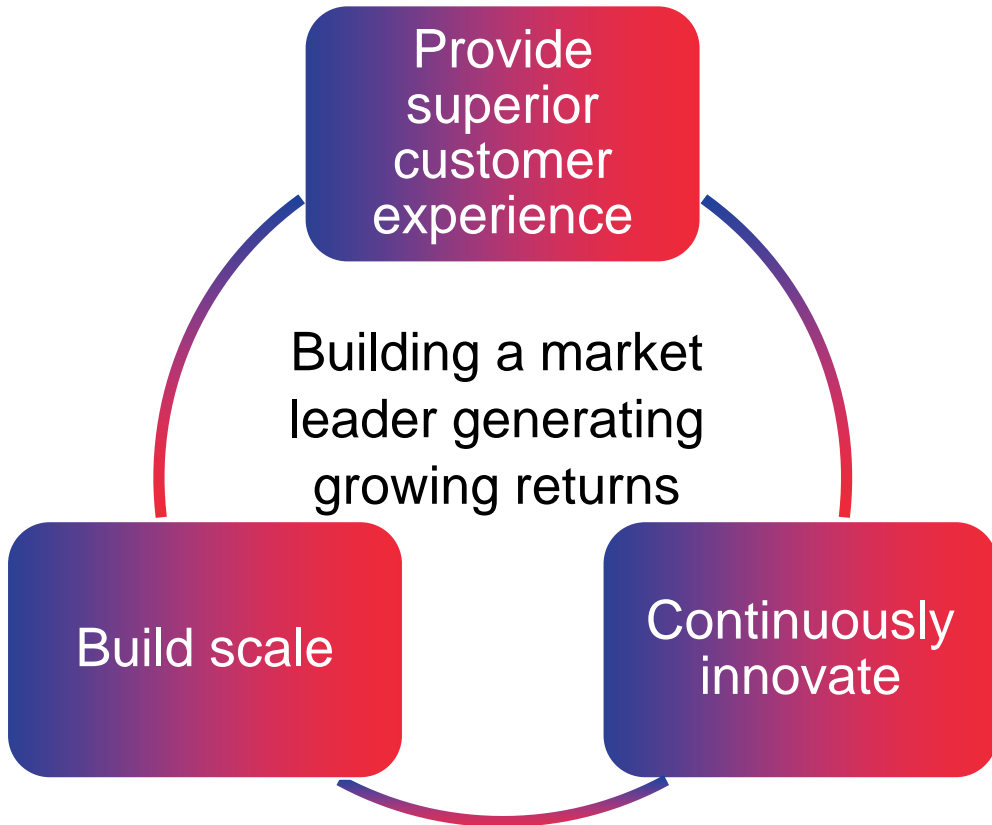
- New, highly-experienced country manager
- Revised territory management
- Rebalanced incentives

Credit

- More cautious credit settings for new customers
- Smaller initial loan sizes, slower graduation to larger balances

IPF Digital

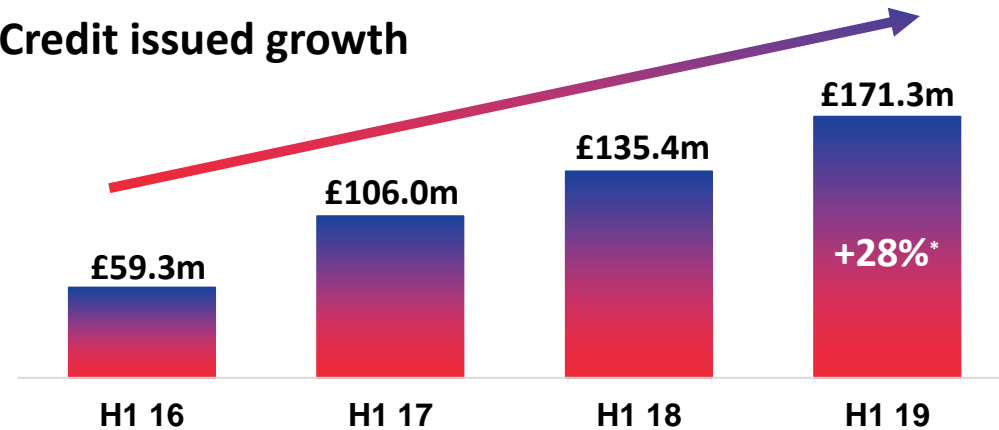
Growth focus



Superior customer experience

- Good customer demand in target segment
- Effective investment in customer experience, marketing, product innovation
- Stronger CRM capability to improve retention
- Adapting pricing and product offering to maximise new customer acquisition
- Continuous improvements - optimising loan size and repeat lending strategies

Credit issued growth



* at constant exchange rates

IPF Digital

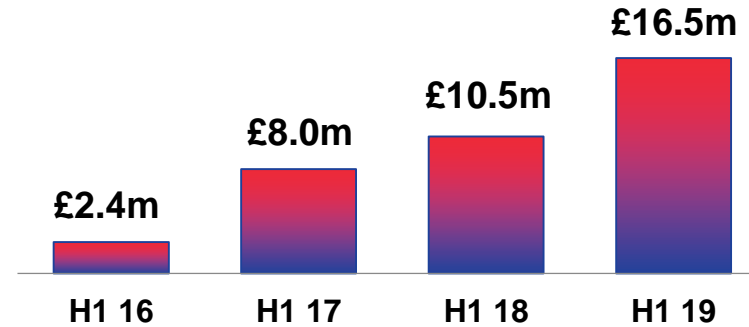
Growth focus



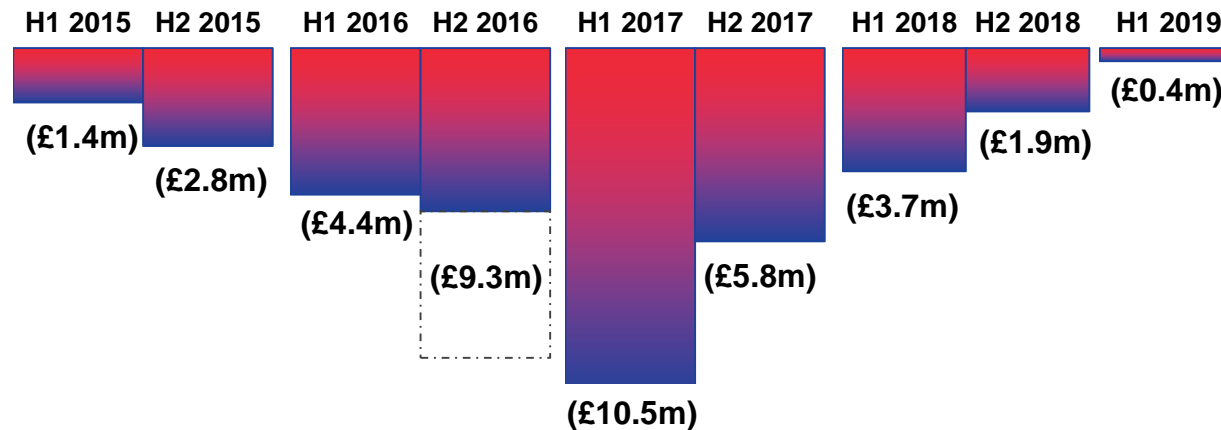
Demonstrating ability to make a return

- Increased scale beginning to deliver benefits
- Reduced start-up losses, close to breakeven
- On track to deliver maiden profit in 2019

Established markets PBT



IPF Digital





Outlook

Gerard Ryan - CEO

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Outlook

Expect to deliver full-year result in line with expectations

European home credit

- Focus on meeting evolving customer needs and securing sustainable profitability
- Prepare business for new scenarios under revised regulatory caps in Poland

Mexico home credit

- Improving operational performance and execution consistency to deliver progressive improvement in profitability

IPF Digital

- Focusing on growth and quality to deliver maiden profit in 2019





Questions

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Appendices

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Group

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	2,247	2,197	(50)	(2.2)	
Credit issued	632.2	672.3	40.1	6.3	6.7
Average net receivables	902.6	970.9	68.3	7.6	8.4
Revenue	418.9	446.9	28.0	6.7	6.7
Impairment	(102.5)	(123.8)	(21.3)	(20.7)	(19.7)
Net revenue	316.4	323.1	6.7	2.1	2.5
Finance costs	(28.0)	(31.8)	(3.8)	(13.6)	(14.8)
Agents' commission	(40.7)	(41.0)	(0.3)	(0.7)	(0.2)
Other costs	(191.2)	(194.2)	(3.0)	(1.6)	(1.5)
Profit before taxation	56.5	56.1	(0.4)	(0.7)	



Group – like-for-like profit reconciliation

	H1 2018 profit £m	Like-for-like profit movement £m	New business investment £m	Stronger / weaker FX rates £m	H1 2019 profit £m
European home credit	60.2	1.8	-	(1.8)	60.2
Mexico home credit	7.4	(3.3)	(1.4)	0.8	3.5
IPF Digital	(3.7)	6.1	(2.7)	(0.1)	(0.4)
Central costs	(7.4)	0.2	-	-	(7.2)
Profit before taxation	56.5	4.8	(4.1)	(1.1)	56.1



European home credit

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,132	1,032	(100)	(8.8)	
Credit issued	367.7	364.6	(3.1)	(0.8)	1.6
Average net receivables	568.9	549.8	(19.1)	(3.4)	(0.9)
Revenue	250.1	229.1	(21.0)	(8.4)	(6.1)
Impairment	(44.9)	(30.5)	14.4	32.1	30.4
Net revenue	205.2	198.6	(6.6)	(3.2)	(0.8)
Finance costs	(18.0)	(18.5)	(0.5)	(2.8)	(5.7)
Agents' commission	(27.2)	(25.6)	1.6	5.9	3.8
Other costs	(99.8)	(94.3)	5.5	5.5	3.5
Profit before taxation	60.2	60.2	-	-	



Mexico home credit

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	865	861	(4)	(0.5)	
Credit issued	129.1	136.4	7.3	5.7	(0.7)
Average net receivables	144.1	167.8	23.7	16.4	9.6
Revenue	103.5	126.6	23.1	22.3	15.0
Impairment	(34.1)	(53.1)	(19.0)	(55.7)	(46.7)
Net revenue	69.4	73.5	4.1	5.9	(0.5)
Finance costs	(5.0)	(6.0)	(1.0)	(20.0)	(13.2)
Agents' commission	(13.5)	(15.4)	(1.9)	(14.1)	(7.7)
Other costs	(43.5)	(48.6)	(5.1)	(11.7)	(5.4)
Profit before taxation	7.4	3.5	(3.9)	(52.7)	



IPF Digital

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	250	304	54	21.6	
Credit issued	135.4	171.3	35.9	26.5	27.8
Average net receivables	189.6	253.3	63.7	33.6	34.9
Revenue	65.3	91.2	25.9	39.7	41.2
Impairment	(23.6)	(40.2)	(16.6)	(70.3)	(71.1)
Net revenue	41.7	51.0	9.3	22.3	24.1
Finance costs	(5.0)	(7.1)	(2.1)	(42.0)	(44.9)
Other costs	(40.4)	(44.3)	(3.9)	(9.7)	(10.8)
Loss before taxation	(3.7)	(0.4)	3.3	89.2	



IPF Digital – established markets

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	151	151	-	-	
Credit issued	78.3	80.9	2.6	3.3	4.0
Average net receivables	126.6	134.6	8.0	6.3	7.0
Revenue	37.4	40.9	3.5	9.4	10.2
Impairment	(8.1)	(7.4)	0.7	8.6	8.6
Net revenue	29.3	33.5	4.2	14.3	15.5
Finance costs	(3.1)	(3.5)	(0.4)	(12.9)	(12.9)
Other costs	(15.7)	(13.5)	2.2	14.0	12.9
Profit before taxation	10.5	16.5	6.0	57.1	



IPF Digital – new markets

	H1 2018 £m	H1 2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	99	153	54	54.5	
Credit issued	57.1	90.4	33.3	58.3	60.9
Average net receivables	63.0	118.7	55.7	88.4	91.8
Revenue	27.9	50.3	22.4	80.3	82.9
Impairment	(15.5)	(32.8)	(17.3)	(111.6)	(113.0)
Net revenue	12.4	17.5	5.1	41.1	44.6
Finance costs	(1.9)	(3.6)	(1.7)	(89.5)	(100.0)
Other costs	(18.8)	(23.1)	(4.3)	(22.9)	(24.2)
Loss before taxation	(8.3)	(9.2)	(0.9)	(10.8)	



Strong financial profile

	June 2018	June 2019
Receivables (£m)	888.3	1,009.8
Equity (£m)	386.6	453.9
Equity to receivables	43.5%	44.9%
Gearing	1.7x	1.6x
Earnings per share (p)	16.7	14.8
Interest cover	3.1x	3.0x



Balance sheet

	June 2018	June 2019	Change at CER %
Goodwill	23.9	24.4	2.1
Fixed assets	53.1	80.6	48.7
Receivables	888.3	1,009.8	9.3
Cash	33.6	37.9	10.5
Borrowings	(650.7)	(715.6)	(6.2)
Other net assets	38.4	16.8	(59.1)
Equity	386.6	453.9	12.6

Borrowings is stated net of deferred issuance costs of £4.5 million



Exchange rates

	2019		2018	
	Closing rates June 2019	Average	Closing rates June 2018	Average
Polish zloty	4.8	4.9	4.9	4.8
Czech crown	28.6	29.2	29.3	29.0
Euro	1.1	1.1	1.1	1.1
Hungarian forint	361.5	366.7	368.3	356.5
Mexican peso	5.3	5.4	27.3	26.6
Romanian leu	24.4	24.7	5.3	5.3
Australian dollar	1.8	1.8	1.8	1.8



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