



# 2019 Full-year results

26 February 2020  
International Personal Finance plc

# Group highlights

# Full-year results 2019

Gerard Ryan - CEO

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# Group highlights



## Good financial performance

**2.1m**

Customers

**-8%**

**£1.4bn**

Credit issued

**-**

**£987m**

Average net receivables

**+8%**

**£889m**

Revenue

**+3%**

**27.4%**

Impairment % revenue

**-1.2ppts**

**43.5%**

Cost-income

**+1.4ppts**

**£114m**

Profit before tax

**+£4.7m**

**44.8%**

Equity to receivables

**+1.2ppts**

**12.4p**

Full-year dividend  
per share



# Financial performance

Justin Lockwood - CFO

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# Group PBT by segment



**£115.1m**    +£1.3m

European home credit

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**Excellent  
operational execution**

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**£10.5m**    -£5.2m

Mexico home credit

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**Challenging performance  
Recovery underway**

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**£3.2m**    +£8.8m

IPF Digital

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**Delivered maiden profit**

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**£114.0m**    +£4.7m

Group

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**Good financial  
performance**

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# European home credit



Excellent operational execution and financial performance



<b>Customers</b>	<b>1,009,000</b>	<b>-8%</b>	Successfully slowed rate of contraction
<b>Credit issued</b>	<b>£751.3m</b>	<b>+1%<sup>†</sup></b>	Offering larger and longer-term loans to higher quality customers
<b>Average net receivables</b>	<b>£562.0m</b>	<b>+ 3%<sup>†</sup></b>	
<b>Impairment % revenue</b>	<b>12.4%</b>	<b>+5.5ppts</b>	Excellent portfolio quality
<b>Cost-income ratio</b>	<b>42.7%</b>	<b>-1.8ppts</b>	Well controlled costs while modernising through technology
<b>Profit before tax</b>	<b>£115.1m</b>	<b>+£1.3m</b>	Very strong performance

<sup>†</sup> at constant exchange rates

# Mexico home credit



Challenging performance; recovery underway

<b>Customers</b>	<b>795,000</b>	<b>-13%</b>	Credit tightening prioritised quality over growth
<b>Credit issued</b>	<b>£268.2m</b>	<b>-12%<sup>†</sup></b>	More cautious credit settings and focus on collections
<b>Average net receivables</b>	<b>£164.4m</b>	<b>+2%<sup>†</sup></b>	Modest growth
<b>Impairment % revenue</b>	<b>41.3%</b>	<b>-4.6ppts</b>	Weaker collections performance; ratio stabilised in H2
<b>Cost-income ratio</b>	<b>37.6%</b>	<b>+1.1ppts</b>	Tightly managed costs
<b>Profit before tax</b>	<b>£10.5m</b>	<b>-£5.2m</b>	Impacted by higher levels of impairment

<sup>†</sup> at constant exchange rates





# IPF Digital



Delivered maiden profit

**£32.7m**      +£7.2m

Established markets

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**(£15.5m)**      +£2.3m

New markets

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**(£14.0m)**      -£0.7m

Head office

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**£3.2m**      +£8.8m

IPF Digital

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**Strong operational execution**  
**Exceeded expectations**

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**Benefits of scale**  
**Addressing portfolio quality**

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**Investment in functional**  
**capability**

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**Maiden profit delivered**

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# IPF Digital – established markets

Very good credit quality and cost efficiency supported profit growth

Customers	150,000	-4%	Impacted by new regulation in Finland and Latvia
Credit issued	£165.5m	+3% <sup>†</sup>	Moderated growth due to maturing and new regulations
Average net receivables	£137.7m	+6% <sup>†</sup>	Increase reflects credit issued growth
Impairment % revenue	19.7%	+1.1ppts	Effective credit strategies and scorecards
Cost-income ratio	32.3%	+5.8ppts	Excellent improvement driven by tight cost control
Profit before tax	£32.7m	+£7.2m	Strong operational performance increased profit

<sup>†</sup> at constant exchange rates

# IPF Digital – new markets

Reduced start up losses; significant growth potential



<b>Customers</b>	<b>155,000</b>	<b>+15%</b>	Good demand for digital products
<b>Credit issued</b>	<b>£168.0m</b>	<b>+13%<sup>†</sup></b>	Tightened credit settings to improve portfolio quality
<b>Average net receivables</b>	<b>£122.5m</b>	<b>+58%<sup>†</sup></b>	Strong increase reflecting credit issued growth in 2018 and H1 2019
<b>Impairment % revenue</b>	<b>64.8%</b>	<b>-6.9ppts</b>	Tighter credit settings expected to result in improvement in 2020
<b>Cost-income ratio</b>	<b>43.0%</b>	<b>+18.5ppts</b>	Benefits of operational leverage
<b>Profit before tax</b>	<b>(£15.5m)</b>	<b>+£2.3m</b>	Reduced losses driven by benefits of scale

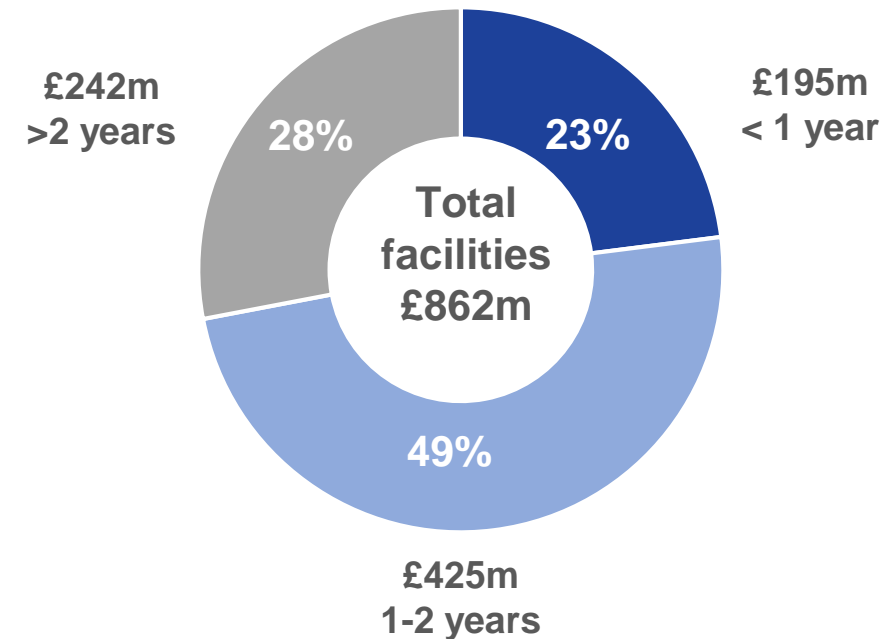
<sup>†</sup> at constant exchange rates

# Funding and balance sheet

## Strong funding position and strengthened balance sheet

- Settlement of Polish tax dispute 2010-2017 removes £137m capital and liquidity risk
- Further diversified funding and extended term
  - £106m of new funding in 2019
  - Successfully refinanced retail-eligible bond creating new £78.1m 7.75% bond maturing December 2023
- Total debt facilities £862m – £182m of headroom
- Plan to refinance 2021 Eurobond in 2020 and further extend bank facilities
  - Fitch improved credit rating; secured second rating from Moodys (Ba3 stable)
- Balance sheet strengthened - equity to receivables 44.8%

### Total facilities – maturity profile



# Regulatory update and progress on strategy

Gerard Ryan - CEO

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# Regulation



## Total cost of credit cap (TCC)

- No current proposal on Polish legislative agenda

## Early settlement rebate review

- Sector-wide review
- In active dialogue with UOKiK – Polish competition and consumer protection authority
- Expect new market standard rebating practices to evolve
- Potential annual impact £5m-£15m; developing mitigation strategies



## Total cost of credit cap

- Being debated in Romanian parliament
- Loans <c.€3,000 limited to 100% TCC
- Vast majority of our lending <€3,000
- Repeat constitutional challenge possible

# Three pillar strategy

## European home credit



### Returns focused

Innovation to improve  
customer experience  
Improve efficiency

## Mexico home credit



### Growth focused

Improve portfolio quality  
Return to growth mode  
Deliver consistent performance

## IPF Digital



### Growth focused

Accelerate innovation  
Improve quality in new markets  
Lead with customer experience

# European home credit

**Leverage the Provident brand**

- Highly-successful agent model
- Digital attracts younger segments
- Hybrid model bridges traditional and future

**Innovation**

- Customer chooses channel
- Improved customer experience
- Lower price points, more value added

- Single European leadership drives synergies
- MyProvi agent mobile technology
  - Collections and sales apps
  - Automation removes administration

# Mexico home credit

**Improve  
leadership**

**Improve field  
force resilience**

**Deliver quality**



**New senior  
leadership in place**

**Leadership academy**

**European  
operational rhythm**

**Field manager  
experience**

**Right tools for the  
role**

**Recognition and  
engagement**

**Optimised new  
customer settings**

**Regional credit  
scorecards**

**Improved territory  
management**

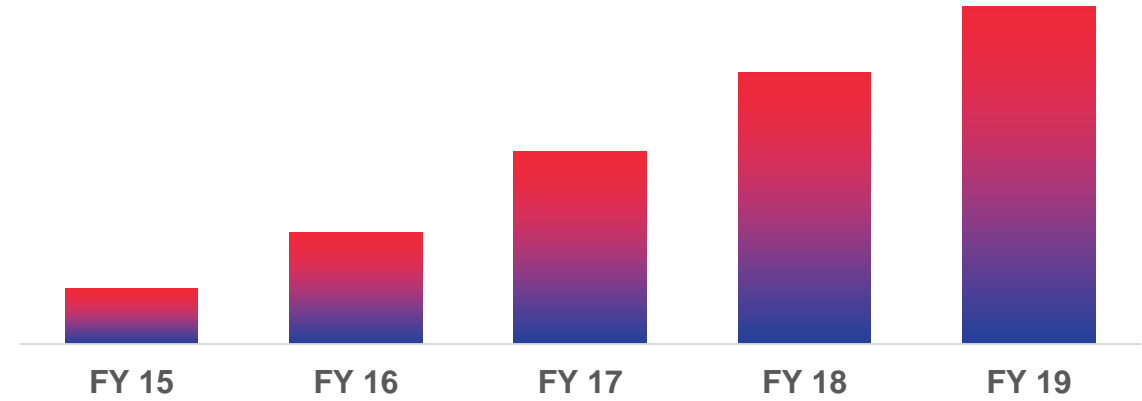
**Return to growth in 2020**



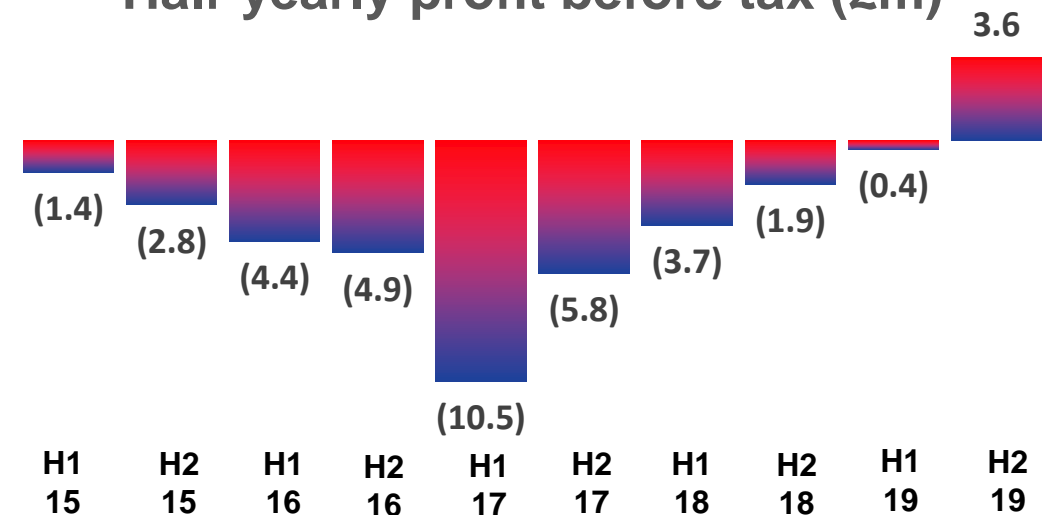
## Building Scale

- Strong consumer demand for credit
- Well-recognised brands
- Building customer-focused technology
- Smart use of data

### Average net receivables (£m)



### Half-yearly profit before tax (£m)



Improve quality in new markets

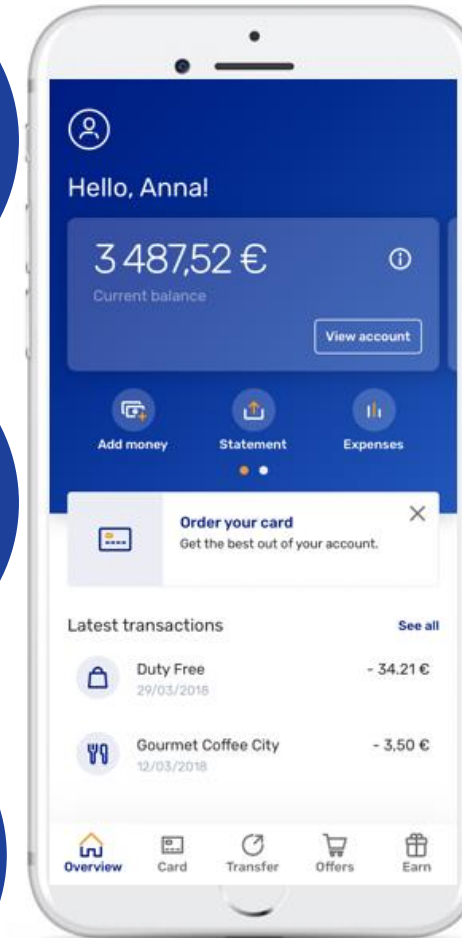
Superior customer experience

- Easy on-boarding process
- Customer manages line provided
- Mobile wallet to add value
- Customer rewarded for responsible use

Credit  
line

Debit  
card

Transfers  
and bills



Value  
added  
products

Payment  
account

Mobile  
app

# Outlook

Gerard Ryan - CEO

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# Outlook



## European home credit

- Enhancing customer experience to attract and retain customers
- Innovation to drive further efficiencies

## Mexico home credit

- Strengthened leadership driving better operational performance and portfolio quality
- Re-commence growth in current year

## IPF Digital

- Improve credit quality in new markets before accelerating growth
- Investing in great customer experience and innovation



# Questions

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# Appendices

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# Group

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	2,301	2,109	(192)	(8.3)	
Credit issued	1,360.6	1,353.0	(7.6)	(0.6)	-
Average net receivables	923.4	986.6	63.2	6.8	7.7
Revenue	866.4	889.1	22.7	2.6	2.9
Impairment	(227.0)	(243.5)	(16.5)	(7.3)	(7.0)
Net revenue	639.4	645.6	6.2	1.0	1.4
Finance costs	(58.5)	(63.5)	(5.0)	(8.5)	(8.9)
Agents' commission	(82.5)	(81.0)	1.5	1.8	1.9
Other costs	(389.1)	(387.1)	2.0	0.5	0.4
<b>Profit before taxation</b>	109.3	114.0	4.7	4.3	

# Group – like-for-like profit reconciliation

	2018 profit £m	Like-for-like profit movement £m	Stronger / weaker FX rates £m	2019 profit £m
European home credit	113.8	4.5	(3.2)	<b>115.1</b>
Mexico home credit	15.7	(6.2)	1.0	<b>10.5</b>
IPF Digital	(5.6)	8.8	-	<b>3.2</b>
Central costs	(14.6)	(0.2)	-	<b>(14.8)</b>
<b>Profit before taxation</b>	<b>109.3</b>	<b>6.9</b>	<b>(2.2)</b>	<b>114.0</b>



# European home credit

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	1,092	1,009	(83)	(7.6)	
Credit issued	757.8	751.3	(6.5)	(0.9)	1.4
Average net receivables	558.9	562.0	3.1	0.6	2.7
Revenue	493.3	452.2	(41.1)	(8.3)	(6.3)
Impairment	(88.5)	(56.0)	32.5	36.7	35.0
Net revenue	404.8	396.2	(8.6)	(2.1)	(0.1)
Finance costs	(35.3)	(37.1)	(1.8)	(5.1)	(6.9)
Agents' commission	(53.7)	(51.1)	2.6	4.8	2.7
Other costs	(202.0)	(192.9)	9.1	4.5	2.9
<b>Profit before taxation</b>	113.8	115.1	1.3	1.1	

# Mexico home credit

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	917	795	(122)	(13.3)	
Credit issued	291.0	268.2	(22.8)	(7.8)	(11.7)
Average net receivables	154.9	164.4	9.5	6.1	1.6
Revenue	226.1	247.6	21.5	9.5	4.9
Impairment	(82.9)	(102.3)	(19.4)	(23.4)	(18.4)
Net revenue	143.2	145.3	2.1	1.5	(2.9)
Finance costs	(11.3)	(11.8)	(0.5)	(4.4)	-
Agents' commission	(28.8)	(29.9)	(1.1)	(3.8)	0.7
Other costs	(87.4)	(93.1)	(5.7)	(6.5)	(2.2)
<b>Profit before taxation</b>	15.7	10.5	(5.2)	(33.1)	

# IPF Digital

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	292	305	13	4.5	
Credit issued	311.8	333.5	21.7	7.0	8.1
Average net receivables	209.6	260.2	50.6	24.1	25.6
Revenue	147.0	189.3	42.3	28.8	30.2
Impairment	(55.6)	(85.2)	(29.6)	(53.2)	(54.9)
Net revenue	91.4	104.1	12.7	13.9	15.2
Finance costs	(11.9)	(14.4)	(2.5)	(21.0)	(22.0)
Other costs	(85.1)	(86.5)	(1.4)	(1.6)	(2.7)
<b>(Loss) / profit before taxation</b>	(5.6)	3.2	8.8	157.1	

# IPF Digital – Established markets

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	157	150	(7)	(4.5)	
Credit issued	161.3	165.5	4.2	2.6	3.4
Average net receivables	130.9	137.7	6.8	5.2	6.2
Revenue	79.5	83.1	3.6	4.5	5.5
Impairment	(16.5)	(16.4)	0.1	0.6	1.2
Net revenue	63.0	66.7	3.7	5.9	7.2
Finance costs	(7.2)	(7.2)	-	-	-
Other costs	(30.3)	(26.8)	3.5	11.6	10.7
<b>Profit before taxation</b>	25.5	32.7	7.2	28.2	



# IPF Digital – New markets

	2018 £m	2019 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	135	155	20	14.8	
Credit issued	150.5	168.0	17.5	11.6	13.2
Average net receivables	78.7	122.5	43.8	55.7	58.3
Revenue	67.5	106.2	38.7	57.3	59.5
Impairment	(39.1)	(68.8)	(29.7)	(76.0)	(79.2)
Net revenue	28.4	37.4	9.0	31.7	32.6
Finance costs	(4.7)	(7.2)	(2.5)	(53.2)	(56.5)
Other costs	(41.5)	(45.7)	(4.2)	(10.1)	(11.2)
<b>Loss before taxation</b>	<b>(17.8)</b>	<b>(15.5)</b>	<b>2.3</b>	<b>12.9</b>	

# Strong financial profile

	Dec 2018	Dec 2019
Receivables (£m)	992.8	<b>973.6</b>
Equity (£m)	433.0	<b>436.4</b>
Equity to receivables	43.6%	<b>44.8%</b>
Gearing	1.6x	<b>1.5x</b>
Earnings per share (p)	33.8	<b>32.2</b>
Interest cover	3.1	<b>3.0</b>

# Balance sheet

	Dec 2018	Dec 2019	Change at CER %
Goodwill	24.5	23.1	-
Fixed assets	57.9	63.2	12.7
Receivables	992.8	973.6	3.4
Cash	46.6	37.4	(16.7)
Borrowings	(698.3)	(676.4)	(0.9)
Other net assets	9.5	15.5	(91.4)
Equity	433.0	436.4	8.1

Borrowings is stated net of deferred issuance costs of £2.8 million

# Exchange rates

	FX rates 24 Feb 2020	2019		2018	
		Closing rates Dec 2019	Average	Closing rates Dec 2018	Average
Polish zloty	5.1	5.0	4.9	4.8	4.8
Czech crown	30.1	30.1	29.2	28.5	28.9
Euro	1.2	1.2	1.1	1.1	1.1
Hungarian forint	403.0	391.0	370.0	357.0	359.9
Mexican peso	24.8	25.0	24.6	25.0	25.9
Romanian leu	5.7	5.7	5.4	5.2	5.3
Australian dollar	1.9	1.9	1.8	1.8	1.8



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