

The background of the slide is a faded, high-angle photograph of a modern office space. Several people are visible working at desks with computers. Large windows in the background let in bright light. In the foreground, there is a low white table with a cup and some papers, and a patterned cushion. The overall tone is professional and contemporary.

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# First Half Year Results 2019

**IFRS unaudited financial results  
for the first 6 months ended 30 June 2019**

**21 August 2019**

# Important notice

*This presentation contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance of Ferratum.*

*Such statements are based on the current expectations and certain assumptions of Ferratum's management, of which many are beyond the Ferratum's control. The words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "risk", "should", "will" and similar expressions or the negatives of these expressions are intended to*

*identify forward-looking statements.*

*By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree.*

*All forward-looking statements included herein are based on information presently available to Ferratum and, accordingly, Ferratum assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.*

*Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Ferratum or otherwise to engage in any investment activity.*

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# Overview

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# Building a Global Financial Platform

**14** Years profitable growth

**23** Countries



Consumer Loans

90% of revenues



Business loans

9% of revenues



Mobile Bank (incl. PrimeLoan)

1% of revenues

**€145.6m** H1 2019 revenue

**+17.2%** Year-on-year revenue growth

**€20.5m** H1 2019 EBIT



Founded Helsinki 2005



EU Banking Licence



Frankfurt Prime Standard

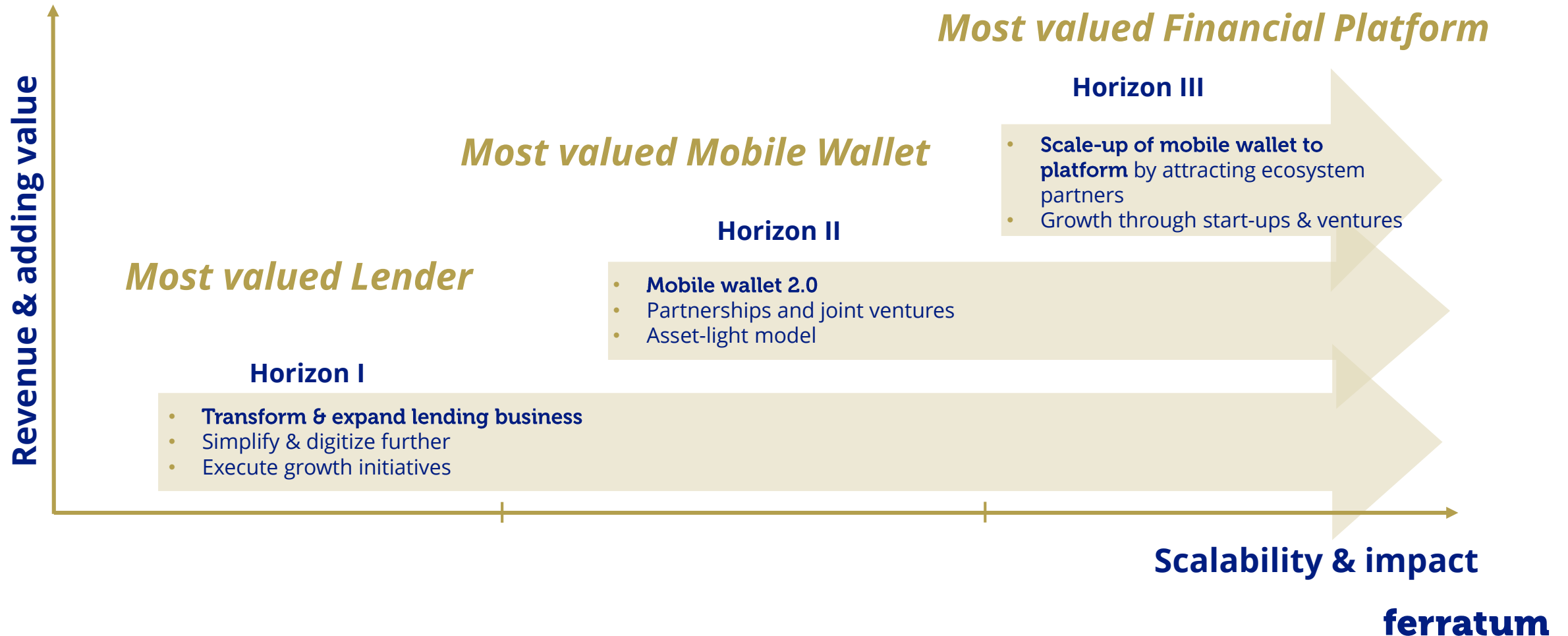


# We are executing our priorities

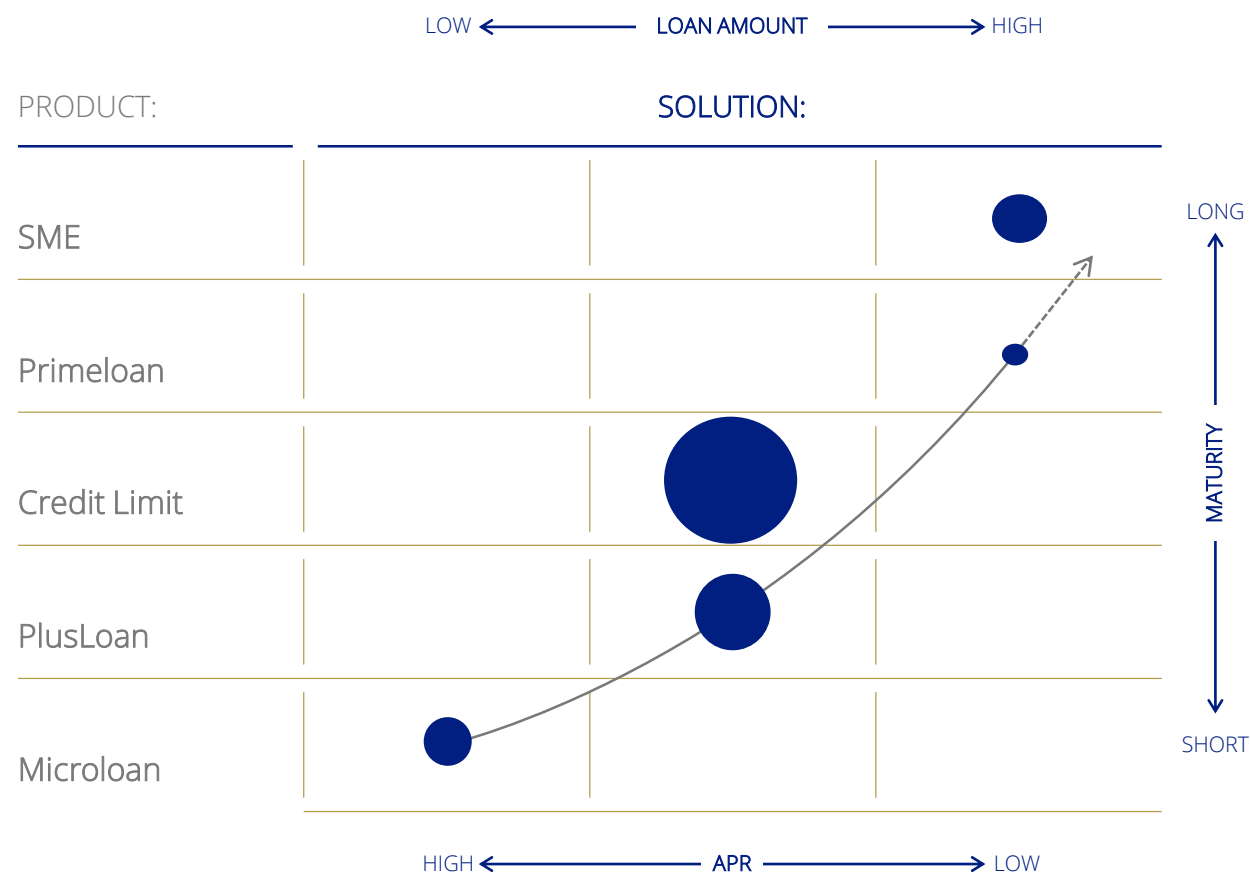
Expectations and priorities 2019 as stated	Highlights H1 2019
EBIT expectation > EUR 45m	EBIT at EUR 20.5 million in line with our guidance
Management focus on a further improvement of operational leverage, cost discipline and loan portfolio quality	<ul style="list-style-type: none"> <li>• EBIT up by 23.8% y-o-y</li> <li>• EBT up by 51.7% y-o-y</li> <li>• Impairments down from 39.2% in Q1 to 35.4% in Q2</li> <li>• Moderate net financial cost development</li> </ul>
Driving growth in SME Lending and Credit Limit	Products and volumes expanded: <ul style="list-style-type: none"> <li>• Product pilot (invoice based lending started in January) for SME</li> <li>• All time sales record month in H1 for SME</li> <li>• Credit Limit as product with high customer lifetime value and customer retention further growing revenue share to 54% (H1 2018 at 48%)</li> </ul>
Prime Loan rollout	Two new countries added: <ul style="list-style-type: none"> <li>• Sweden launched in April</li> <li>• Latvia launched in May</li> </ul>
Migrating Finland and Denmark under the bank	<ul style="list-style-type: none"> <li>• Finland going now into the final preparation stages for migration</li> <li>• Denmark migration to follow after Finland</li> </ul>
Launching and testing of our newly developed and designed IT platform + mobile wallet	<ul style="list-style-type: none"> <li>• Technological upgrades gradually rolled out with new IT platform</li> <li>• First Wallet pilot in Latvia</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Bernd Egger, new CFO joining us from 1 August</li> </ul>

# Our vision is to become the “Most valued financial platform”, we will achieve our strategic ambitions in three stages

Mid-term aspiration of EUR 100 million EBIT



# Product evolution continues to higher customer lifetime value



All products are based on the same principles:  
Full digital setup and high user convenience,  
real-time, paperless

SME – Business loan offering for small and medium size companies

Primeloan - strategic product for entering larger mass segments, launched already in four countries

Credit Limit and PlusLoan continue to be the main components of revenue

Microloan strategically utilized primarily as a product to enter new markets, share is being reduced in established markets

Credit Limit currently main revenue contributor, followed by PlusLoan and SME.  
Currently small share with Microloan and Primeloan.

# Improving revenue share of products with higher customer lifetime value

Revenue shares of Credit Limit and SME continue to grow, representing together 63% of all revenues (H1 2018 57%)

Products	Average Loan Value	Average Loan Term	Revenue Share	6M Revenues by Product (€,000)		Active Markets	Comments
<b>Primeloan (incl. Mobile Bank)</b> €3,000 – €20,000 / 1 – 10 years	€6,751	5.5 years	1.1%	2018   400 2019   1,637	+309% y-o-y	4 (4)	Primeloan: <ul style="list-style-type: none"> <li>Sweden launched in April</li> <li>Latvia launched in May</li> </ul>
<b>Business (SMEs)</b> Up to €250,000 / 6 – 24 Month term	€13,800	434 days	8.9%	2018   10,445 2019   13,004	+24% y-o-y	9	<ul style="list-style-type: none"> <li>Revenue growth driven by new customers and recurring revenue</li> <li>Invoice finance product being piloted in Poland</li> </ul>
<b>Credit Limit</b> Up to €3,000 / Digital revolving credit line	€1,301	N/A	54.1%	2018   60,040 2019   78,720	+31% y-o-y	10	<ul style="list-style-type: none"> <li>Credit Limit remaining main revenue driver</li> </ul>
<b>PlusLoan</b> €300 – €5,000 / 2 – 36 month term	€774	358 days	22.6%	2018   32,178 2019   32,874	+2% y-o-y	9	<ul style="list-style-type: none"> <li>Stricter scoring in selected markets contributed to moderate sales growth</li> </ul>
<b>Microloan</b> €25 – €1,000 / 7 – 90 day term	€216	29 days	13.3%	2018   21,169 2019   19,379	-8 % y-o-y	11	<ul style="list-style-type: none"> <li>Discontinued in Czech Republic and Australia</li> <li>Revenues and geographies further decreased as per strategy</li> </ul>



# New CFO, Bernd Egger, joined Ferratum

Dr Clemens Krause, former CFO, to focus fully on his role as Chief Risk Officer

- 20+ years experience in international banking, finance and corporate development
- 15+ years in leadership and Board positions in banking, FinTech, e-money and payment industries
- Masters degrees in Business Administration from Austrian universities and Master of Science in Finance from the University of British Columbia in Vancouver



An aerial photograph of a city, likely Zurich, showing a dense urban landscape with numerous buildings and a prominent church spire on the right. The image is overlaid with a semi-transparent blue filter and scattered yellow dots.

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# Financial Highlights

# Strong profitability improvements in H1/19

EUR, 000	H1 2019	H1 2018*	% Change
Revenue	145,613	124,232	+17.2%
Other income	11	16	-33.5%
Impairment of loans	(54,335)	(42,162)	+28.9%
Selling & marketing expenses	(20,698)	(19,734)	+4.9%
Total other operating expenses	(13,936)	(14,442)	-3.5%
<b>EBIT</b>	<b>20,546</b>	<b>16,591</b>	<b>+23.8%</b>
Net financial costs	(8,145)	(8,416)	-3.2%
<b>EBT</b>	<b>12,401</b>	<b>8,175</b>	<b>+51.7%</b>
Income tax	(1,861)	(1,227)	+15.0%
<b>Net profit</b>	<b>10,540</b>	<b>6,948</b>	<b>+51.7%</b>
Earning per share, basic (EUR)	0.49	0.32	+53.1%
Earning per share, diluted (EUR)	0.49	0.32	+53.1%

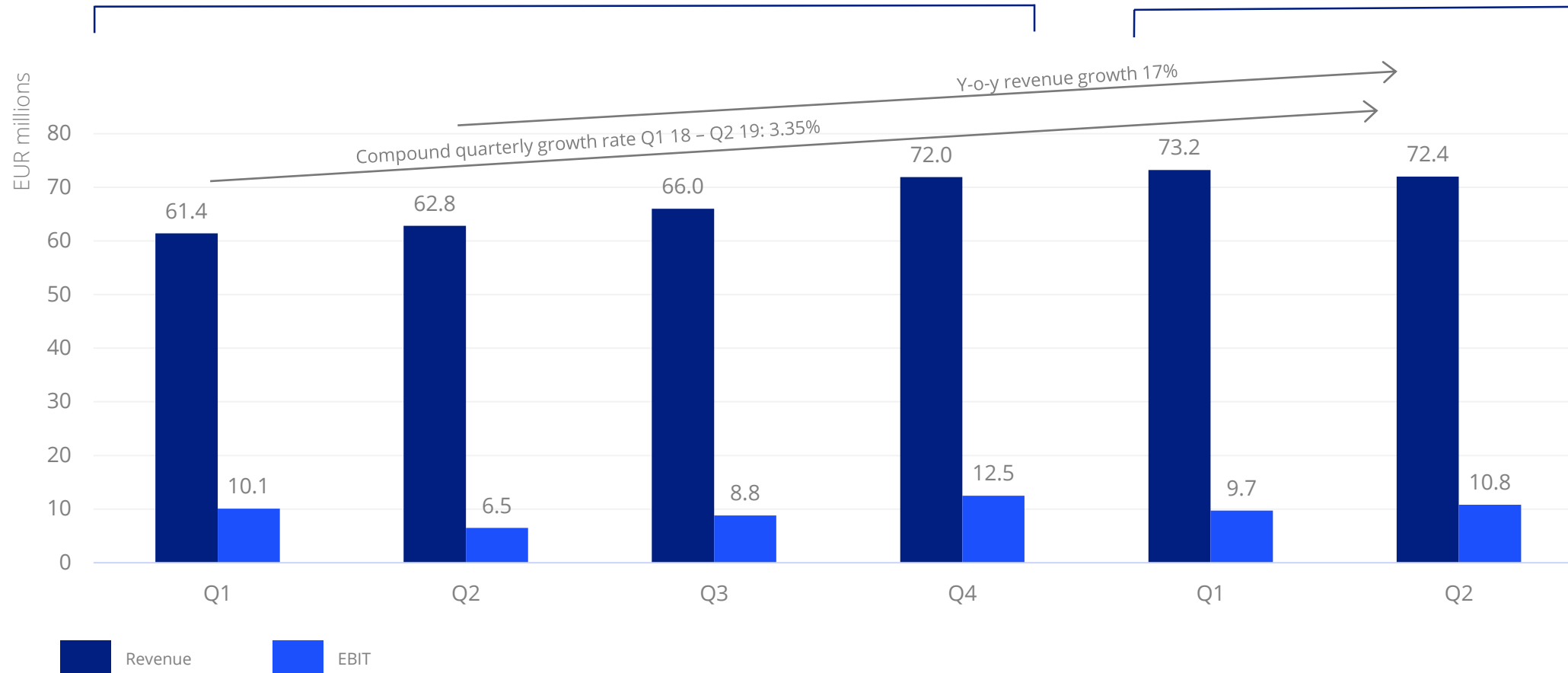
\* restated

- Revenue growth with 17.2%, main growth drivers Credit Limit and SME
- Sound profitability: EBIT grew with 23.8 %, EBT with 51.7% y-o-y
- Improved profitability based on
  - increased cost discipline
  - improved operating leverage
  - more focused marketing
  - less FX impact
- Stable tax ratio with 15%
- Improving impairment of loans ratio in H1 2019: after 39.2% impairments over revenues in Q1 2019, Q2 resulted in 35.4%

# Solid revenue growth of 17% y-o-y paired with higher customer lifetime value

2018\*

2019



\* Q1-Q3 2018 restated

# Credit Limit remains leading segment: 54% of Group revenues

EUR ,000	Microloan		PlusLoan		Credit Limit		SME		Mobile Bank***		Total	
	H1 2019	H1 2018*	H1 2019	H1 2018*	H1 2019	H1 2018*	H1 2019	H1 2018*	H1 2019	H1 2018*	H1 2019	H1 2018*
Revenue**	19,379	21,169	32,874	32,178	78,720	60,040	13,004	10,445	1,637	400	145,613	124,232
Impairments	(7,908)	(10,550)	(13,820)	(11,672)	(25,954)	(16,492)	(4,610)	(3,421)	(2,043)	(27)	(54,335)	(42,162)
As % of Revenue	40.8%	49.8%	42.0%	36.3%	32.9%	27.5%	35.5%	32.8%	124.8%	6.8%	37.3%	33.9%
Marketing	(1,400)	(2,122)	(3,956)	(4,610)	(11,947)	(9,471)	(2,764)	(2,294)	(630)	(1,238)	(20,698)	(19,734)
As % of Revenue	7.2%	10.0%	12.0%	14.3%	15.1%	15.8%	21.3%	22.0%	38.5%	309.5%	14.2%	15.9%
Attributable Product Margin	10,072	8,499	15,100	15,901	40,825	34,084	5,631	4,732	(1,036)	(865)	70,591	62,352
As % of Revenue	52.0%	40.1%	45.9%	49.4%	51.9%	56.8%	43.3%	45.3%	-	-	48.5%	50.2%
Total Non-directly Attributable costs	(6,457)	(7,347)	(10,955)	(11,168)	(26,231)	(20,838)	(4,333)	(3,625)	(2,069)	(2,783)	(50,045)	(45,761)
Operating Profit	3,614	1,152	4,146	4,733	14,594	13,246	1,297	1,106	(3,105)	(3,647)	20,546	16,591
Gross Profit Margin, %	18.7%	5.4%	12.6%	14.7%	18.5%	22.1%	10.0%	10.6%	-	-	14.1%	13.4%
Finance costs, net	(563)	(626)	(1,608)	(1,419)	(3,457)	(2,717)	(1,365)	(852)	(271)	(85)	(8,145)	(8,416)
<b>Net Profit</b>	<b>3,052</b>	<b>527</b>	<b>2,538</b>	<b>3,314</b>	<b>11,136</b>	<b>10,529</b>	<b>(68)</b>	<b>255</b>	<b>(3,376)</b>	<b>(3,732)</b>	<b>12,401</b>	<b>8,175</b>
<b>As % of Revenue</b>	<b>15.7%</b>	<b>2.5%</b>	<b>7.7%</b>	<b>10.3%</b>	<b>14.1%</b>	<b>17.5%</b>	<b>(0.5%)</b>	<b>2.4%</b>	<b>-</b>	<b>-</b>	<b>8.5%</b>	<b>6.6%</b>

- Microloan: decreasing in absolute and relative terms as per strategy, strong decline in impairments ratio
- PlusLoan: Underperforming in two of nine countries
- Credit Limit: solid growth in revenues with most stable impairment ratio
- SME: normalisation of impairments from 51.1% in Q1 2019, to 21.6% in Q2
- Overall: credit losses more volatile with final IFRS 9 model, however, decreasing to overall 35.4% in Q2

\*restated  
 \*\*incl. other income  
 \*\*\*incl. Primeloan

# Volatility in credit losses per segment due to sensitive and conservative, upfront reserving model



## Brief description of impairments on loans

- IFRS 9 is a sophisticated standard calculating the expected loss
- **~7% of loss provisions (June 2019)** to be booked when paying out a loan
- **Time difference** between impairment and revenue recognition
- The model is very sensitive to **volatility in early payment behavior**

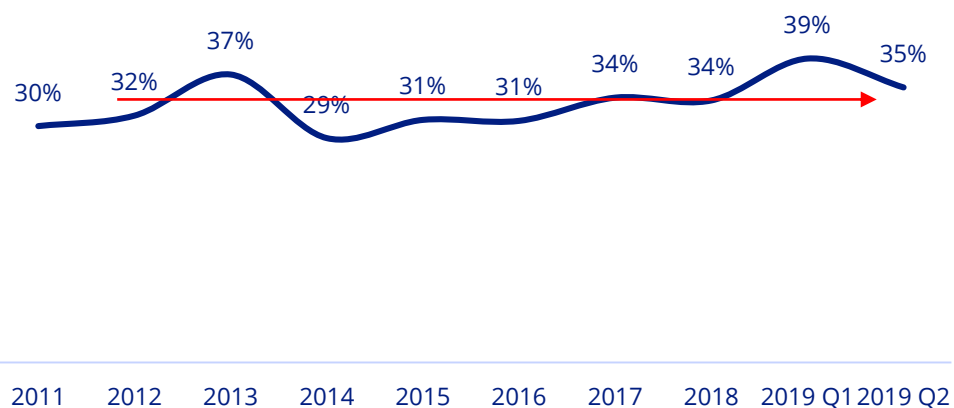
## Volatility drivers

- **SME:** strong new business volume and collections backlog in Q1, normalization in Q2
- **Credit Limit:** most stable, two countries negatively influenced from strong Q4 sales
- **Microloan:** very short term lending, sensitive to sales activities, strong improvements in Q2
- **PlusLoan:** Product has performance issues in two of nine countries

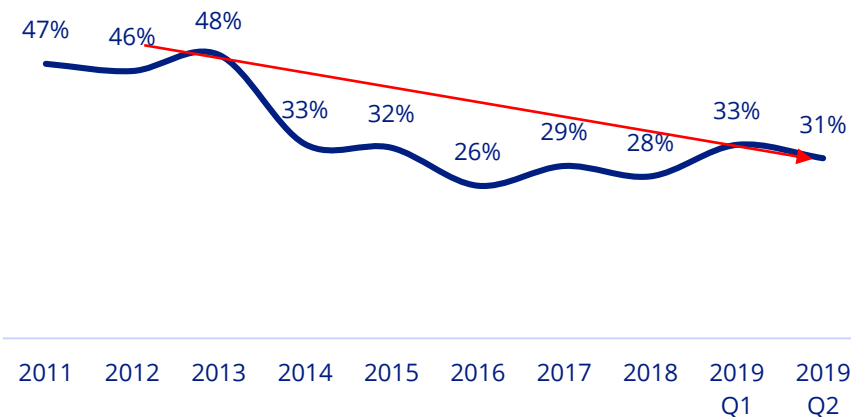
# Asset quality

Impairments as % of revenues were at around 30-35% annually in the last years. Impairments on loans in % of the Credit Portfolio provide a better view on our risk and scoring model and show a decreasing trend reflecting our strategic product transition.

Impairments / revenue



Impairments / net AR



# Balance sheet structure remains solid

Solid cash level and sound deposit volume

EUR '000	30 Jun 2019	31 Dec 2018	% Change
<b>Assets</b>			
Non-current assets	54,273	53,714	+1.0%
Accounts receivable – consumer loans (net)	354,002	320,538	+10.4%
Other receivables	14,988	9,399	+59.5%
Income tax assets	1,063	961	+10.6%
Cash and cash equivalents	117,345	115,559	+1.5%
<b>Total Assets</b>	<b>541,790</b>	<b>500,192</b>	<b>+8.3%</b>

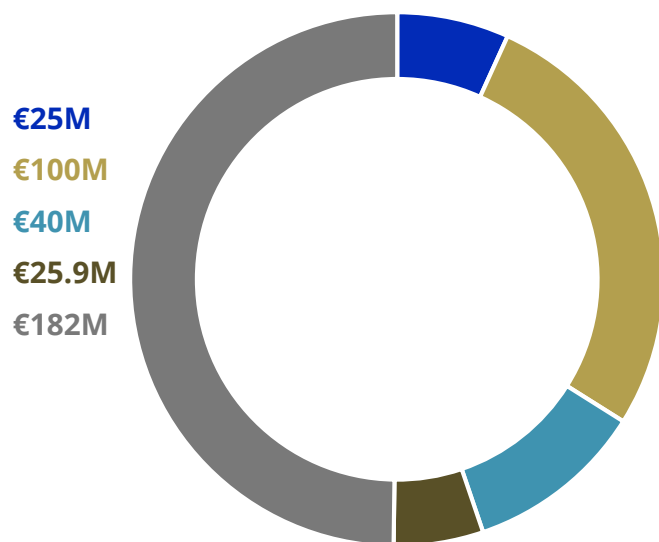
EUR '000	30 Jun 2019	31 Dec 2018	% Change
<b>Equity and liabilities</b>			
Equity	113,959	107,380	+6.1%
Non-current liabilities	171,042	138,276	+23.7%
Current liabilities	256,789	254,536	+1.0%
Of which deposits	188,501	183,405	+2.8%
<b>Total Equity &amp; Liabilities</b>	<b>541,790</b>	<b>500,192</b>	<b>+8.3%</b>
Net debt to equity ratio	2.72	2.58	+5.4%

- Deposit volume stable
- Moderate credit portfolio growth from EUR 321 million to EUR 354 million

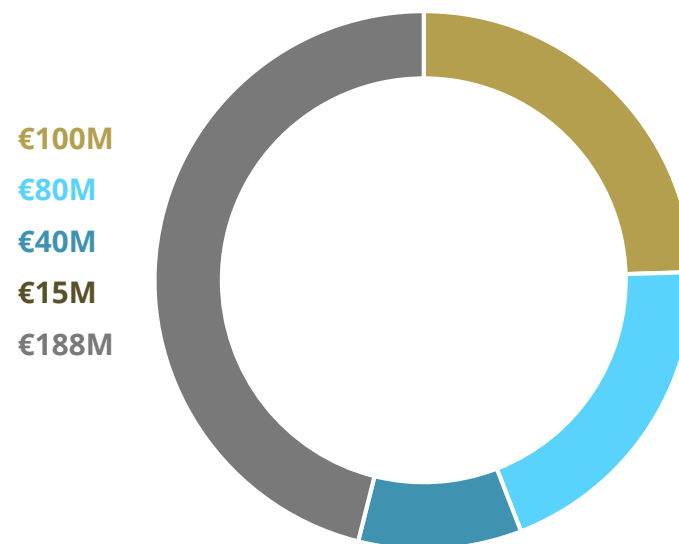


# Cost of capital stable

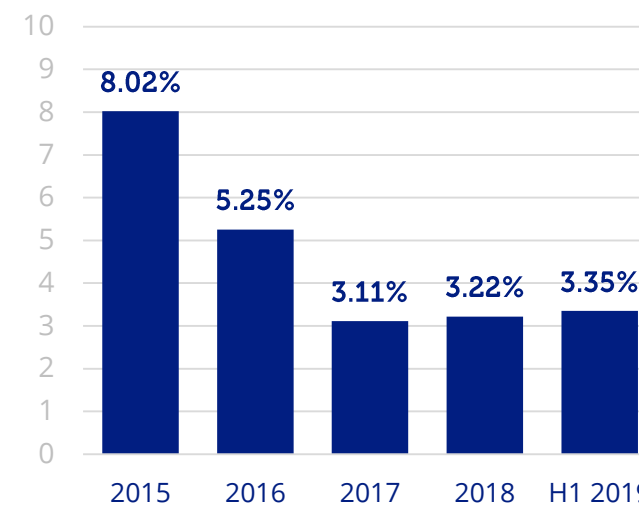
Financing mix at year end 2018



Financing mix end of June 2019

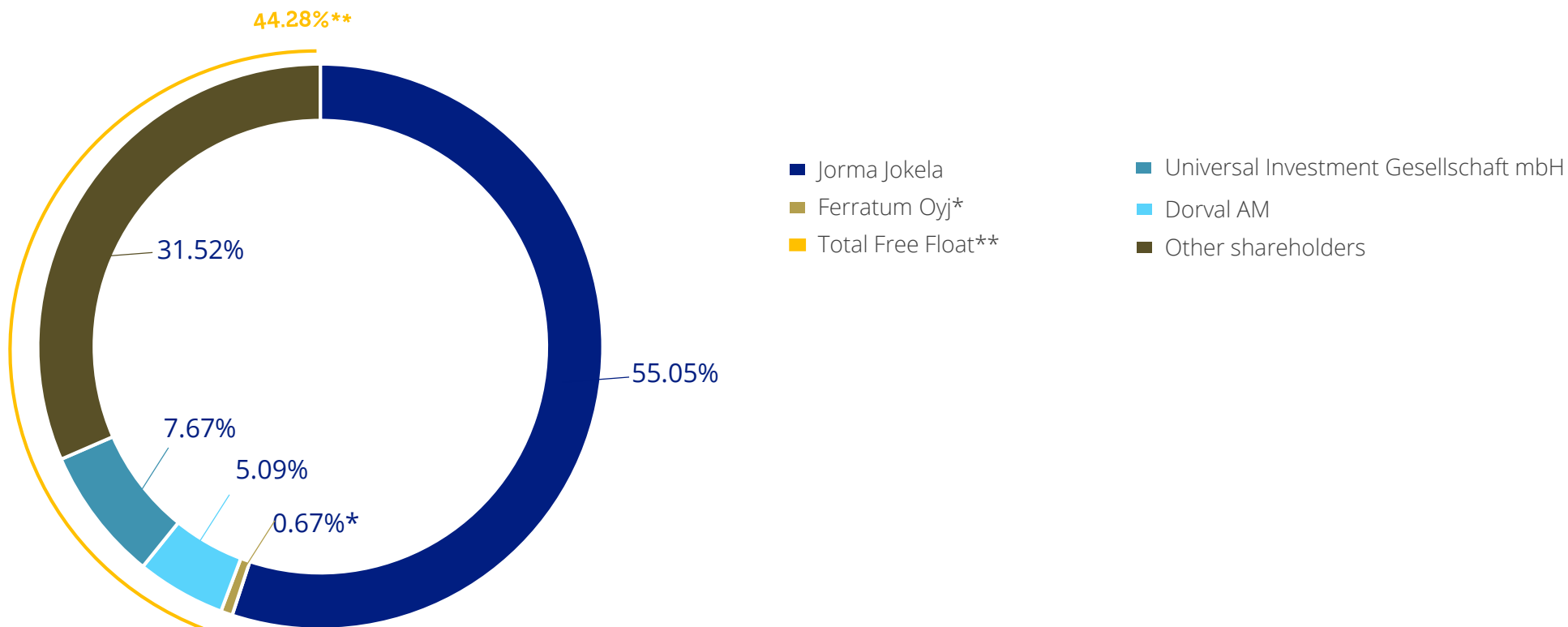


Weighted average cost of funding



- Ferratum Capital Germany 4.875% 2019 (repaid in June 2019)
- Ferratum Bank 6.25% + 3m Euribor 2020
- Ferratum Capital Germany 5.5% + 3m Euribor 2022
- Ferratum Capital Germany 5.5% + 3m Euribor 2023
- Nordea Credit Line (of which no limit used at 30 June 2019)
- Deposits

# Shareholder information



All information of shareholders holding based on the latest shareholder notifications received

\* Treasury shares held by Ferratum Oyj (no voting right and no dividends paid on treasury shares)

\*\* Total free float includes shares held by institutional investors, but not treasury shares held by Ferratum Oyj

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# Summary

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# Further EBIT focus and growth expected mid-term

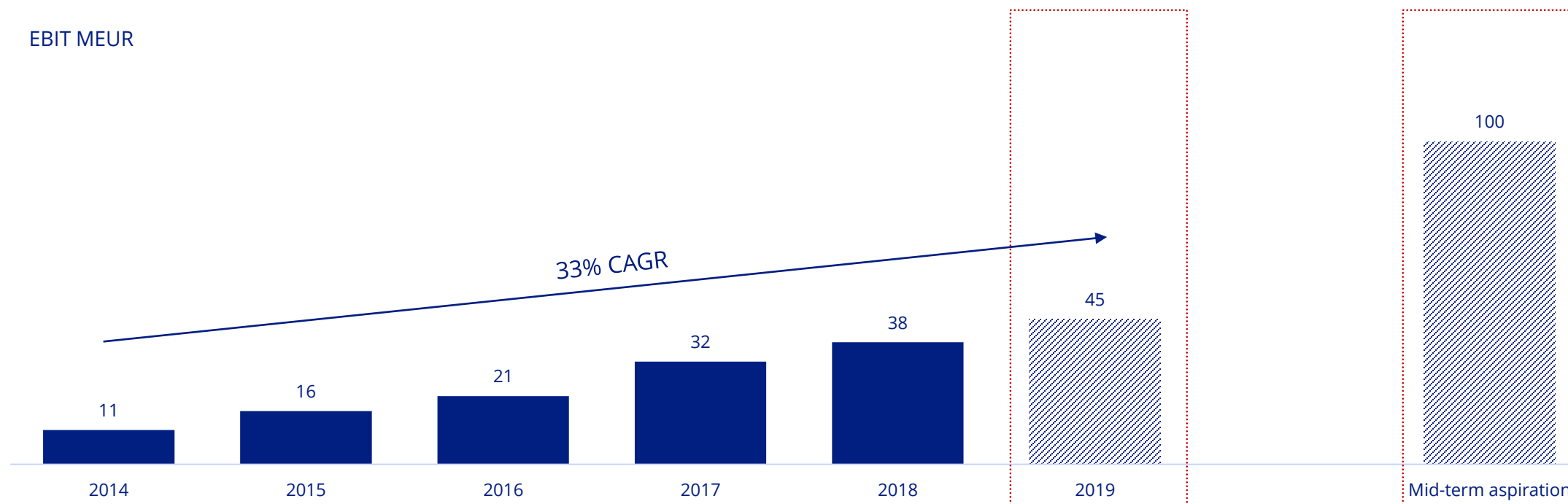
Main focus 2019 on

- ❖ EBIT growth and further improvement of operational leverage
- ❖ Migrating Finland and Denmark under the bank
- ❖ New generation Mobile Bank / Wallet
- ❖ Prime Loan roll out
- ❖ Growing Credit Limit and SME business line

**Guidance**  
EBIT to exceed  
EUR 45 million

**Mid-term aspiration**  
EBIT to exceed  
EUR 100 million

EBIT MEUR



# Contact information

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Date	Financial Calendar Events
30 Aug 2019	Ferratum Bank and Ferratum Capital Germany H1 report published
11-12 Sep 2019	Deutsche Börse Investor Targeting events in Dublin and London
23 Sep 2019	Berenberg and Goldman Sachs German Corporate Conference, Munich
14-15 Oct 2019	CF&B Large & Mid Cap Event, Paris
16 Oct 2019	Lond Capital, Mid Small Cap Forum Singapore
17 Oct 2019	Lond Capital, Mid Small Cap Forum Hong Kong
14 Nov 2019	Group 9M results
25-26 Nov 2019	German Equity Forum, Frankfurt

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**Back up**

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# Foreign exchange development with reduced FX volatility

EUR'000	H1 2018	H1 2019
AUD	(0,148)	(0,059)
CZK	(0,322)	0,020
PLN	(1,248)	(0,271)
GBP	0,051	0,037
SEK	(1,172)	(0,690)
Other currencies	0,089	(0,225)
<b>FX impact on P&amp;L</b>	<b>(2,750)</b>	<b>(0,752)</b>

- Ferratum manages currency risk by using derivative instruments ranging between 0% to 70% of the portfolio value in each currency
- Hedging levels have been further increased in H1 2019 and will be increased throughout the year