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**Ferratum**

**16 November 2020**



# 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.

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# 9M 2020 Overview & Key takeaways

FAST, EASY  
& DIGITAL  
FINANCIAL  
SOLUTIONS.  
ANYWHERE,  
ANYTIME AND  
ANYONE

15 Years of operation

20 Countries



Consumer lending  
87% of revenues



CapitalBox (SME)  
12% of revenues



Mobile Bank & Primeloan  
1% of revenues

## Key takeaways

- **Re-activated lending growth in Q3 2020**
- **Financial metrics remain strong**
  - Revenue at EUR 177 million (down by -19% vs. 9M 2019 and -10.2% vs. adj. 9M 2019, excluding suspended markets)
  - EBIT at EUR 9.3 million in Q3
  - continued solid re-payment behaviour, Liquidity at EUR 267 million
- **Investment in future growth:** CapitalBox acquired SME lending business from Spotcap NL

€ 177m

9m 2020 revenue

-19%

Y-o-y revenue

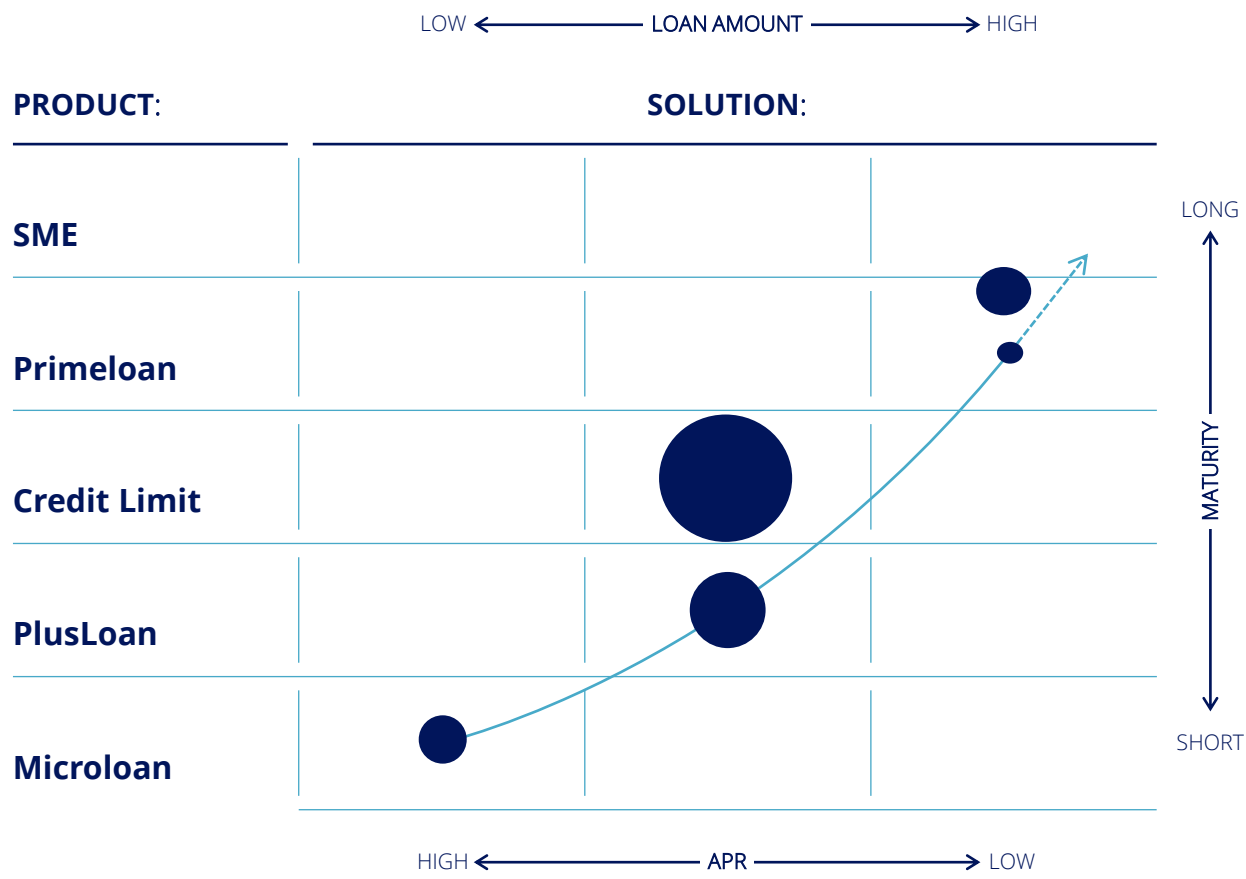
€ 9.3m

Q3 2020 EBIT

€ 19.3m

9m 2020 EBIT

# Product evolution continues to higher customer lifetime value



**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

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

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

# Strengthened focus on core products

Products	Average Loan Value	Average Loan Term	Revenue Share	9M Revenues by Product (€,000)			Active Markets	Comments
<b>Primeloan (incl. Mobile Bank)</b> €3,000 – €20,000 / 1 – 10 Years term	€6,893	5.1 years	1.4%	2019 2 586 2020 2 519		-3% y-o-y	4 (4)	• Primelending live in 4 markets, speed of role out will be function of economic conditions
<b>CapitalBox (SME)</b> Up to €350,000 / 6 – 24 Month term	€15,699	483 days	11.8%	2019 20 160 2020 20 826		+3% y-o-y	6	• Moderate growth due to strong start into 2020 followed by low lending volumes during the pandemic
<b>Credit Limit</b> Up to €4,000 / Digital revolving credit line	€1,468	N/A	59.8%	2019 118 603 2020 105 586		-11% y-o-y	8	• Revenue reduction kept low in this segment since the business benefits during pandemic from sustainable business relation to existing clients
<b>PlusLoan</b> €300 – €5,000 / 2 – 36 Month term	€906	417 days	18.1%	2019 48 593 2020 32 020		-34% y-o-y	8	• PlusLoan suspended in Poland early in 2020, in current market condition moderate investment in PlusLoan segment
<b>Microloan</b> €25 – €1,000 / 7 – 90 Day term	€264	30 days	8.9%	2019 28 143 2020 15 726		-44 % y-o-y	7	• Discontinued lending in New Zealand, Poland and Russia; overall reduced lending during 2020



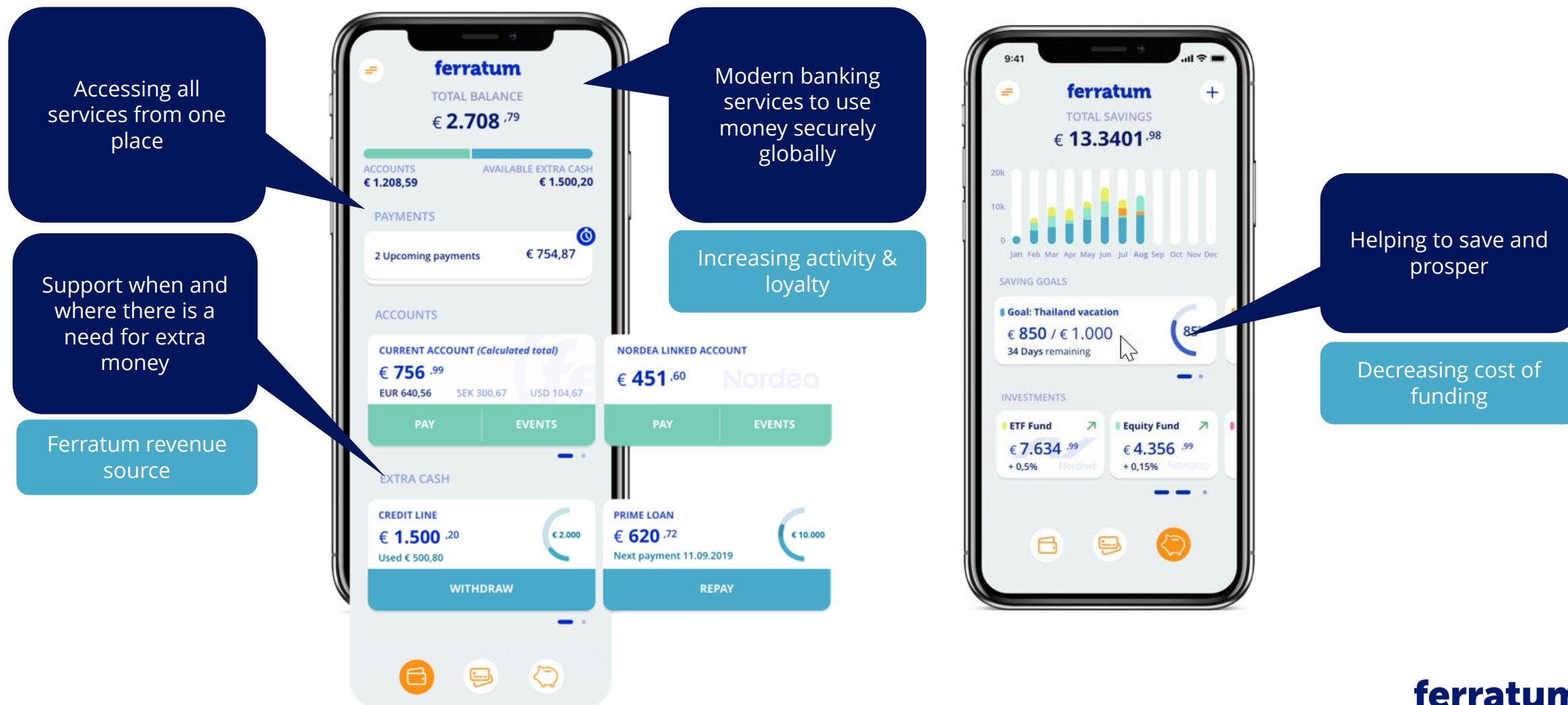
# Investments in future growth: CapitalBox acquired Spotcap NL's SME lending activities



- **About CapitalBox**
  - Leading digital SME lender
  - Active in six European markets
  - Over the last 5 years, CapitalBox has developed a strong track record of growth
- **Spotcap's SME lending business: in the Netherlands**
  - The business was established in 2015 and has since originated close to EUR 150 million credit lines
  - Strong partner network in the Netherlands
  - Strong underwriting capabilities; COVID-19 had no material effect on the loan book and payment behaviour
- **Strategic fit to CapitalBox**
  - Gain market share and access to new distribution channel
- **Visit CapitalBox** at [www.capitalbox.com](http://www.capitalbox.com)

# Ferratum Wallet – a win-win model for all

- Benefits for customers
- Benefits for Ferratum



# Update on Ferratum's COVID-19 action plan

## 1. Liquidity management

Liquidity position remains strong driven by

- a. continued successful management of term deposits
- b. cash collected from clients

- Strong liquidity at EUR 267 million
- No bond repayments due before 2022
- ND/E of 2.34

## 2. Control Risk

While risk appetite in H1 2020 was reduced at an early stage of the pandemic, the group increased lending during Q3 2020 in selected markets

- Continued strong and stable payment behaviour throughout the pandemic
- Focus on higher loan quality

## 3. Reduced Cost Base

Continued strict cost management and a substantial leaner organization established

- Headcount reduced during the first nine months 2020 by ca 200 to 654 and personnel expenses by -22.4% to EUR 7.4 million in Q3 2020
- Other operational expense categories stable or declining
- Exception: Marketing expenses grew by EUR 3.7m compared to Q2 2020 - following re-activation of lending volume growth

## 4. Go for Opportunities

Ferratum has pursued its investments in future growth

- CapitalBox: Acquisition of Spotcap NL's SME lending activities in the Netherlands
- Acceleration of loan sales in Q3 2020



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## 9M 2020 Financial overview



## Key financial metrics: Strict cost discipline and conservative underwriting drives EBIT in Q3 2020 and in the first 9M 2020

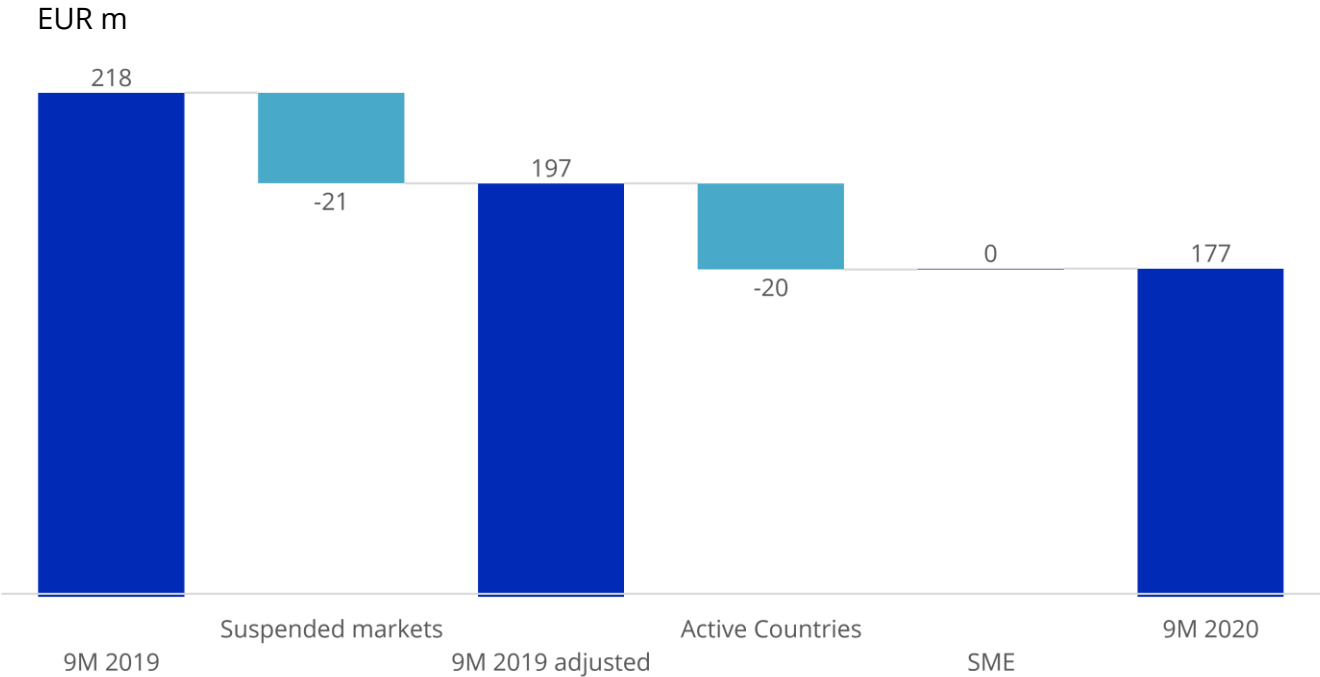
EUR million	Q1 2020	Q2 2020	Q3 2020	9M 2020	9M 2019	% change
Revenue	65.604	55.535	55.538	176.678	218.086	-19.0%
EBIT	-2.292	12.258	9.323	19.288	33.511	-42.4%
% of revenue	-3.5%	22.1%	16.8%	10.9%	15.4%	
Adjusted EBIT (excluding COVID-19 related impairments)	5.481	12.258	9.323	27.062	33.511	-19.2%
% of revenue	8.5%	22.1%	16.8%	15.3%	15.4%	
EBT	-8.283	6.776	3.557	2.050	19.693	-89.6%
% of revenue	-12.8%	12.2%	6.4%	1.2%	9.0%	
Profit after tax	-8.375	6.084	2.865	0.575	16.740	-96.6%
% of revenue	-12.8%	11.0%	5.2%	0.3%	7.7%	
EPS	-0.39	0.28	0.13	0.03	0.78	-96.2%
Equity ratio	-7.1%	15.8%	18.4%	18.4%	21.2%	
ND/E	2.79	2.27	2.35	2.34	2.61	-10.3%

- Revenue reduction y-o-y -19% for the first nine months of 2020
  - a. COVID-19 impact as of early March 2020
  - b. Lending put on hold in selected markets
- Quarterly revenue stabilized in Q3 20 at EUR 55.5 million (Q2 20: EUR 55.5 million)
- Solid EBIT in Q3 20 at EUR 9.3 million
  - a. Continued strict cost discipline despite increasing marketing activities
  - b. Conservative and qualitative underwriting: sequentially decreasing impairments (Q3 20: EUR 18.6 million vs Q2: EUR 19.1 million)
- Positive EBT of EUR 3.6 million achieved in Q3 20
- 9M EBT also positive at EUR 2.1 million
- Operational profitability (EBT adjusted for macro-economic impairment & FX volatility) positive at EUR 14 million
- Leverage structure almost unchanged in Q3 20 compared to Q2 20: ND/E at 2.34 (Q2 20: 2.27)

# Revenue Bridge: 9M 2019 vs 9M 2020

Key drivers:

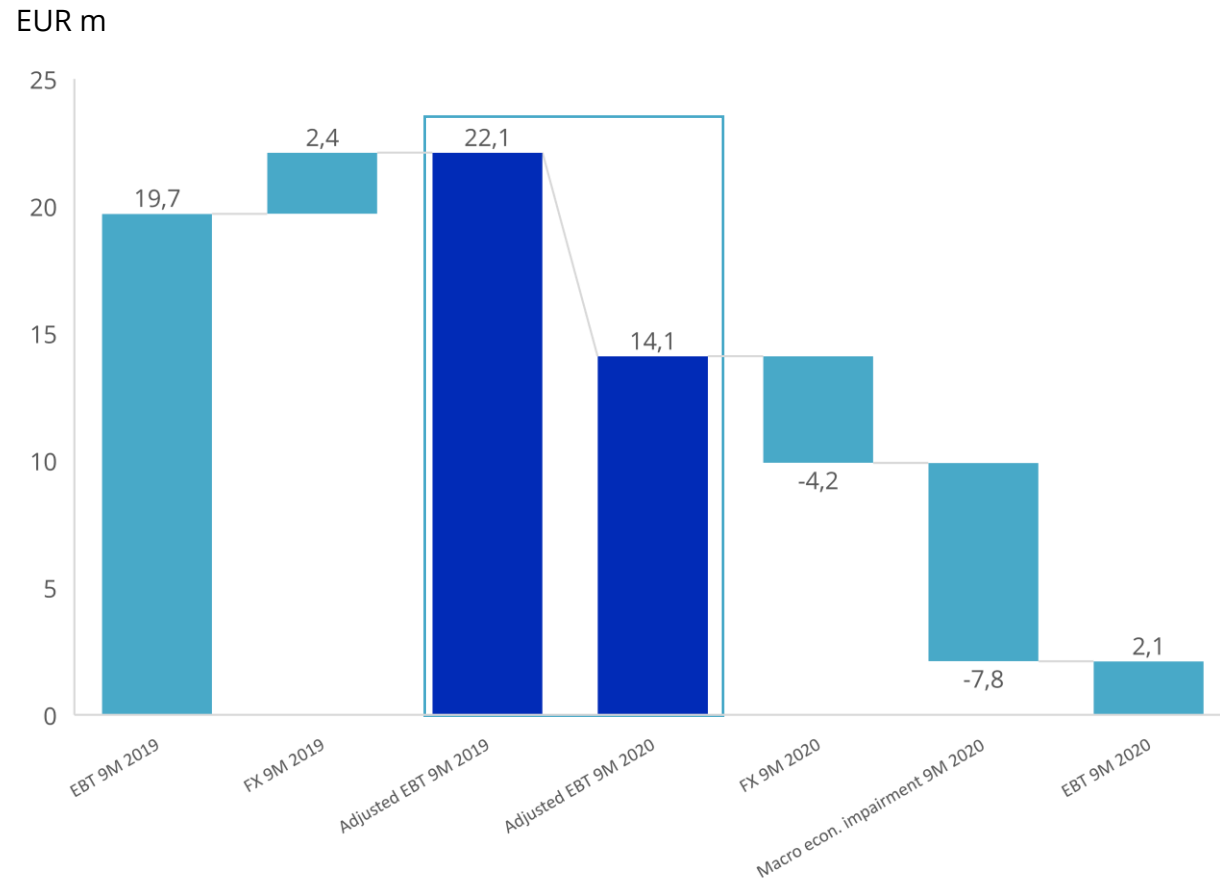
- Suspension of lending in selected markets (not related to COVID-19) during early 2020 accounts for more than half of revenue delta
- Active markets contribute less than half to revenue reduction (predominantly due to tighter risk management and lower yields)
- Stable SME revenue performance based on record months in early 2020



# Adjusted EBT: impact of macroeconomic impairment and higher FX volatility

## Key drivers:

- COVID 19 impairment related to macro-economic outlook impacts profitability in Q1
- Hedging levels have been increased significantly, but impact on profitability is stronger than in 2019
- Adjustments for these factors result in fairly strong operational pre-tax profitability also in 2020
- Key drivers are
  - Focus on strategic products & services
  - strong cost control and
  - continued strong payment behaviour



## Balance sheet ratios continue to remain strong - solid equity ratio of 18.4%

EUR '000	30 September 2020	31 Dec 2019	% Change
<b>Assets</b>			
Non-current assets	60,395	60,512	-0.2%
Accounts receivable – customer loans (net)	345,844	386,167	-10.4%
Other receivables	16,208	14,463	10.8%
Income tax assets	3,412	2,167	57.5%
Cash and cash equivalents	266,940	155,518	71.6%
<b>Total Assets</b>	<b>692,800</b>	<b>618,827</b>	<b>12.0%</b>

EUR '000	30 September 2020	31 Dec 2019	% Change
<b>Equity and liabilities</b>			
Equity	127,666	129,138	-1.1%
Non-current liabilities	238,596	174,236	36.9%
Current liabilities	326,538	315,453	3.5%
Of which deposits	362,711	242,161	49.8%
<b>Total Equity &amp; Liabilities</b>	<b>692,800</b>	<b>618,827</b>	<b>12.0%</b>
<b>Net debt to equity ratio</b>	<b>2.34</b>	<b>2.59</b>	<b>-9.7%</b>

- Compared to Dec 2019, Total Assets up by 12.0% to EUR 693 million, driven by increased cash from deposits and debt repayments
- Total Assets peaked in Q2 2020 at EUR 792 million – decreasing Total Assets Q3 20 vs Q2 20 in-line with the Group's strategy to downsize excess deposits
- Loans to customers (net) down by -10.4% to EUR 346 million in comparison to FYE 2019, but up by EUR 11 million compared to Q2 20
- Improved equity ratio at 18.4% (Q2 20: 15.8%)

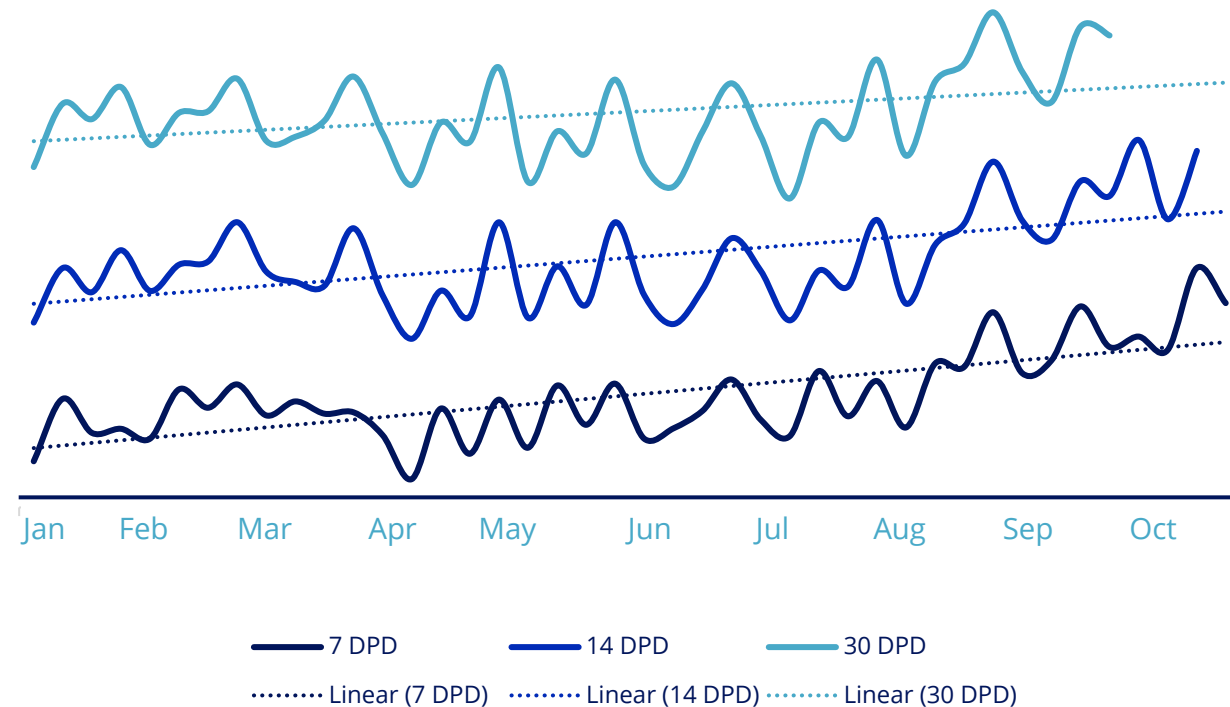


# Overall payment behaviour improves in 9M 2020 despite COVID-19

## Payment behaviour and impairments

- Payment behaviour remained strong throughout Q3 and is also stable as per mid November 2020
- Ferratum has adjusted its scoring and underwriting criteria for a deteriorating macroeconomic environment
- Selective and country specific new lending guidelines in all active markets
- Approval rate for new customers was down by 45% at the peak of the pandemic but nearly back to pre COVID-19 levels by end of H1 and increasing in Q3 2020

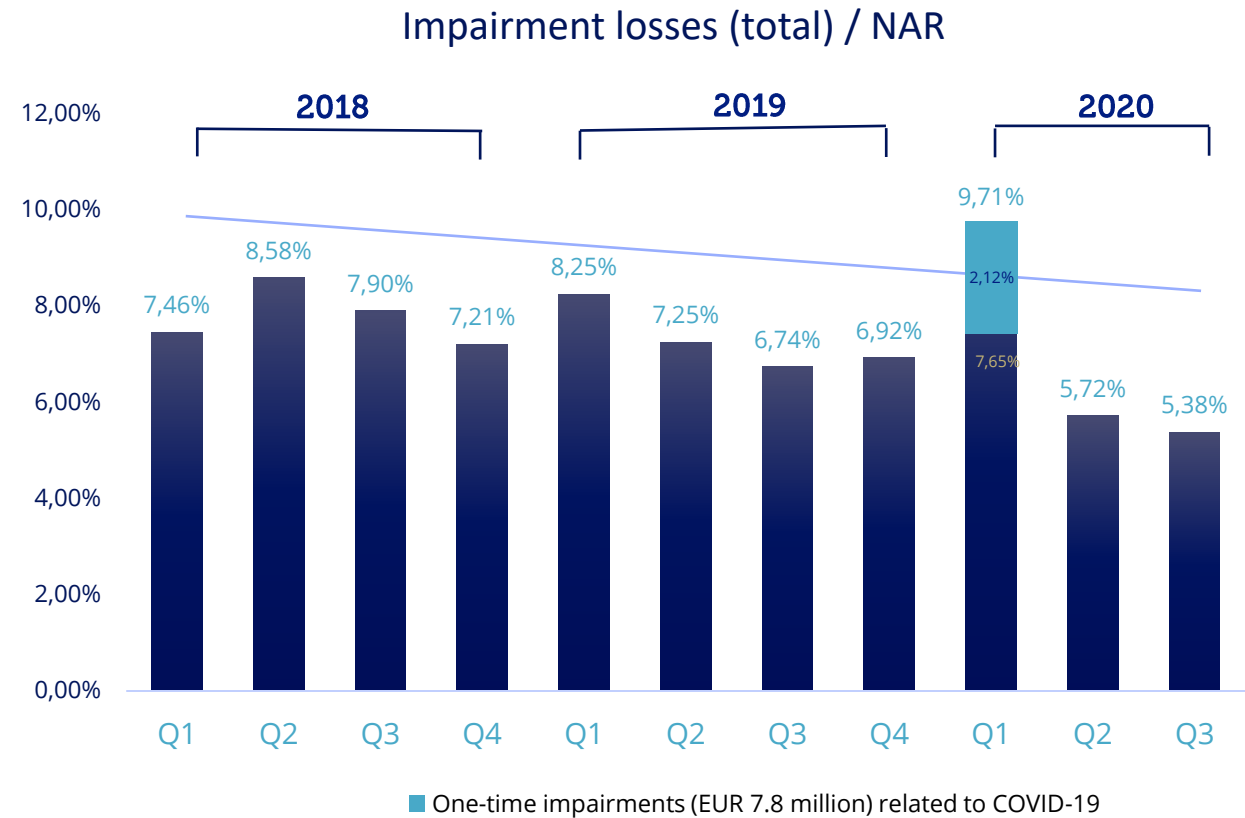
Invoices paid within 7, 14 and 30 DPD



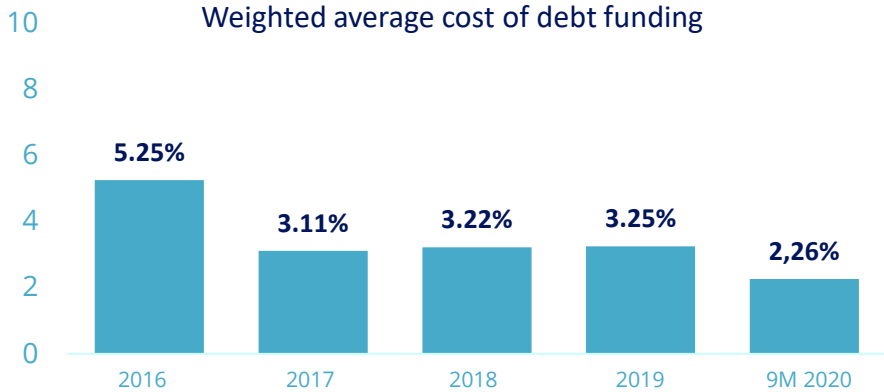
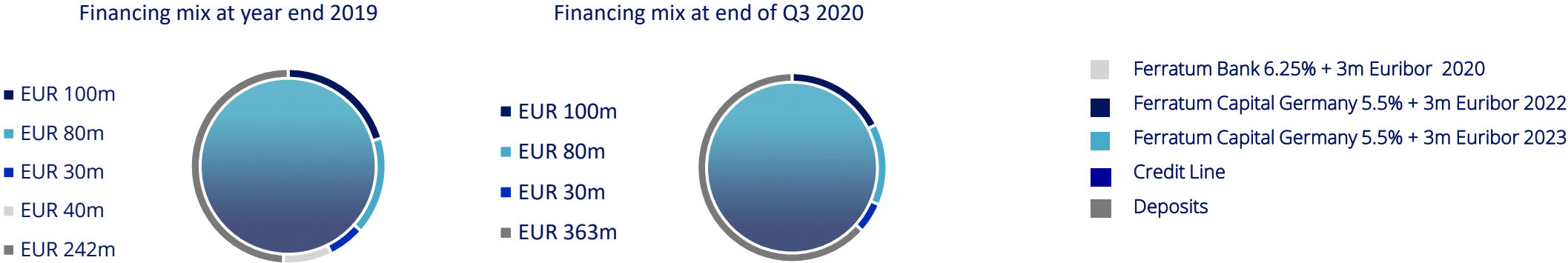
# Mid-term trend of improving asset quality continues

## Impairment losses as per IFRS 9 going down relative to loan portfolios

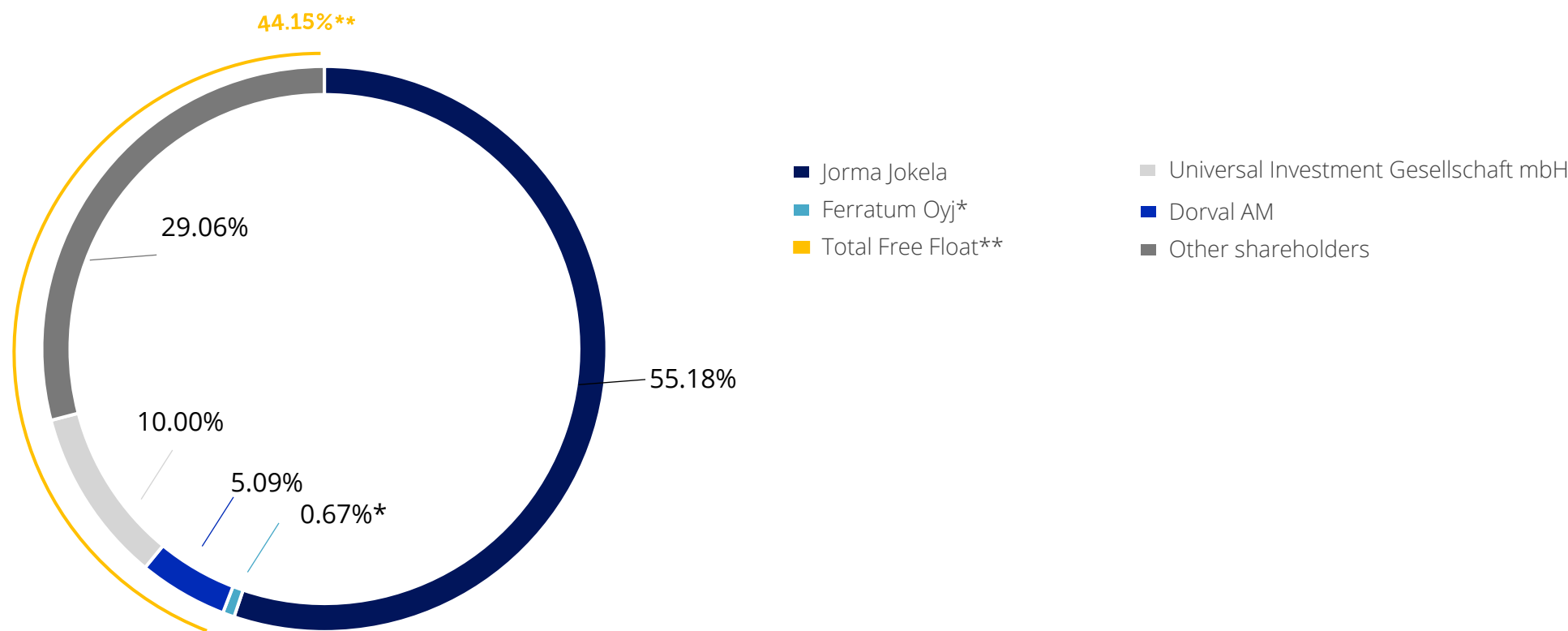
- Mid-term improving trend in impairment losses over net accounts receivable (NAR) continues
- Continued improvement of Core Parameter Probability of default (PD)
- Forward looking Macroeconomic Impact reflected in total impairments
- Potential negative Macroeconomic Impact on payment behaviour has so far been mitigated



# Funding structure and cost of debt capital



# 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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**Thank you!**