



ferratum

IFRS unaudited financial results
Nine months to 30 September 2018
15 November 2018

Overview

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Building the Bank of the Future



Consumer
loans



Business
loans



Mobile Bank

13

years of
profitable
growth

1.9m

Active & former
customers

25

Countries

€190 m

9M 2018
revenue

+18%

Year-on-year
revenue growth

+13%

Year-on-year
EBIT growth



Founded
Helsinki 2005



EU Banking
Licence



Frankfurt
Prime Standard

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Our investment case

Our business

We provide financial services that enable and empower our customers

Our corporate strategy

Our Mobile Financial Platform Model that allows us and our partners to scale services globally

Our growth strategy

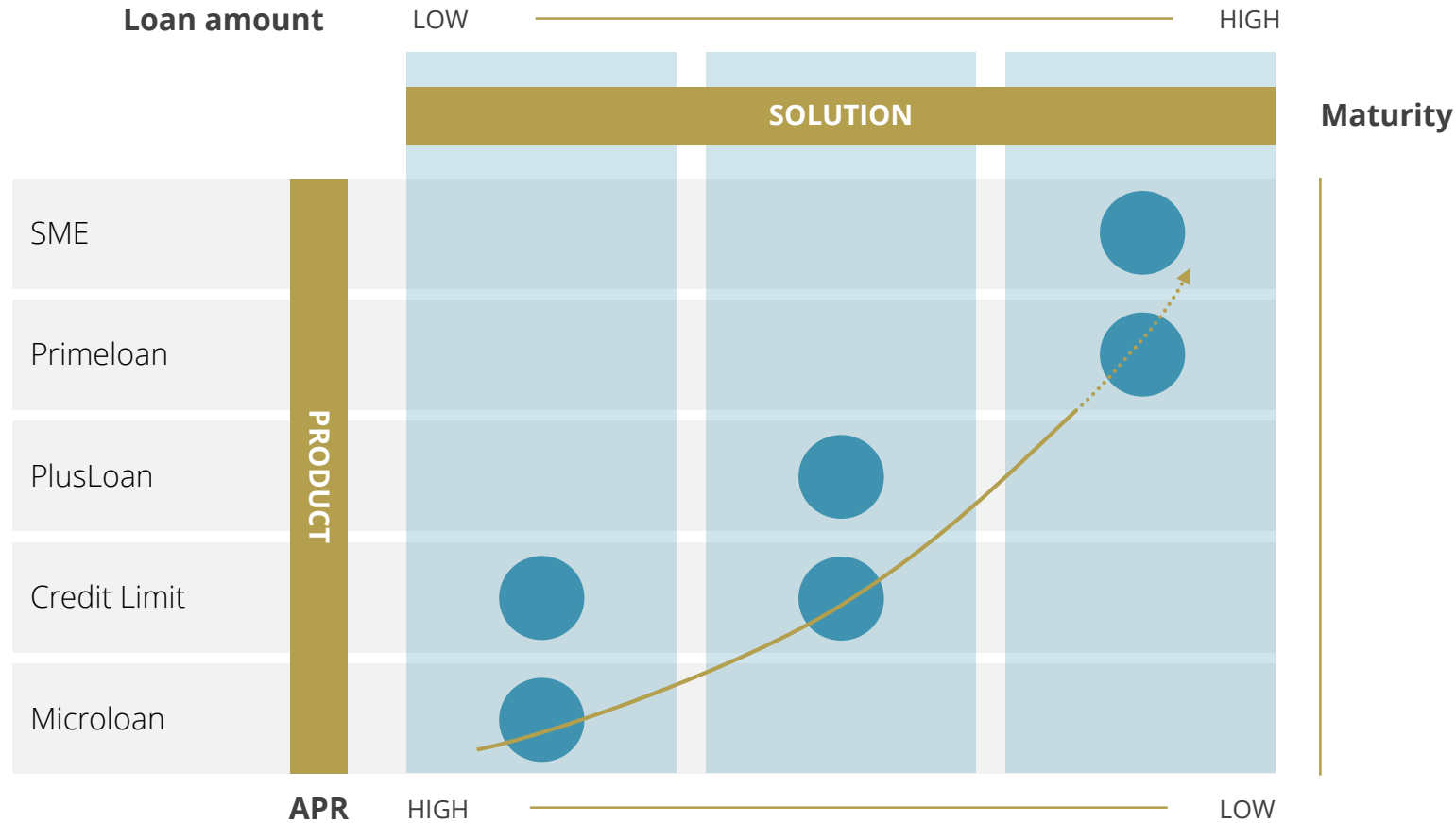
Innovation, geographic expansion and global partnerships that generate sustainable, profitable growth



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Product category evolution

Moving towards longer-term solutions and higher customer lifetime value



Navigating regulatory changes

Our strategy supports navigating through changes in the regulatory environment

We have 13 years of experience and a strong track record in responding to dozens of regulatory changes throughout these years

What usually happens when interest rate cap changes:

- ✓ Adjust pricing to meet legislation, leading to lower yield per loan
- ✓ Increase loan amount and term, leading to higher CLV
- ✓ Tighten scoring, leading to better payment behaviour
- ✓ Adjust or newly adapt segmentation, leading to increased numbers of new customers
- Overall outcome from the above increases our earnings and decreases our credit losses in the long run

Recent and expected interest rate caps:

- Sweden implemented in September 2018
- Latvia expected in Summer 2019
- Finland expected in Autumn 2019

Digital lending

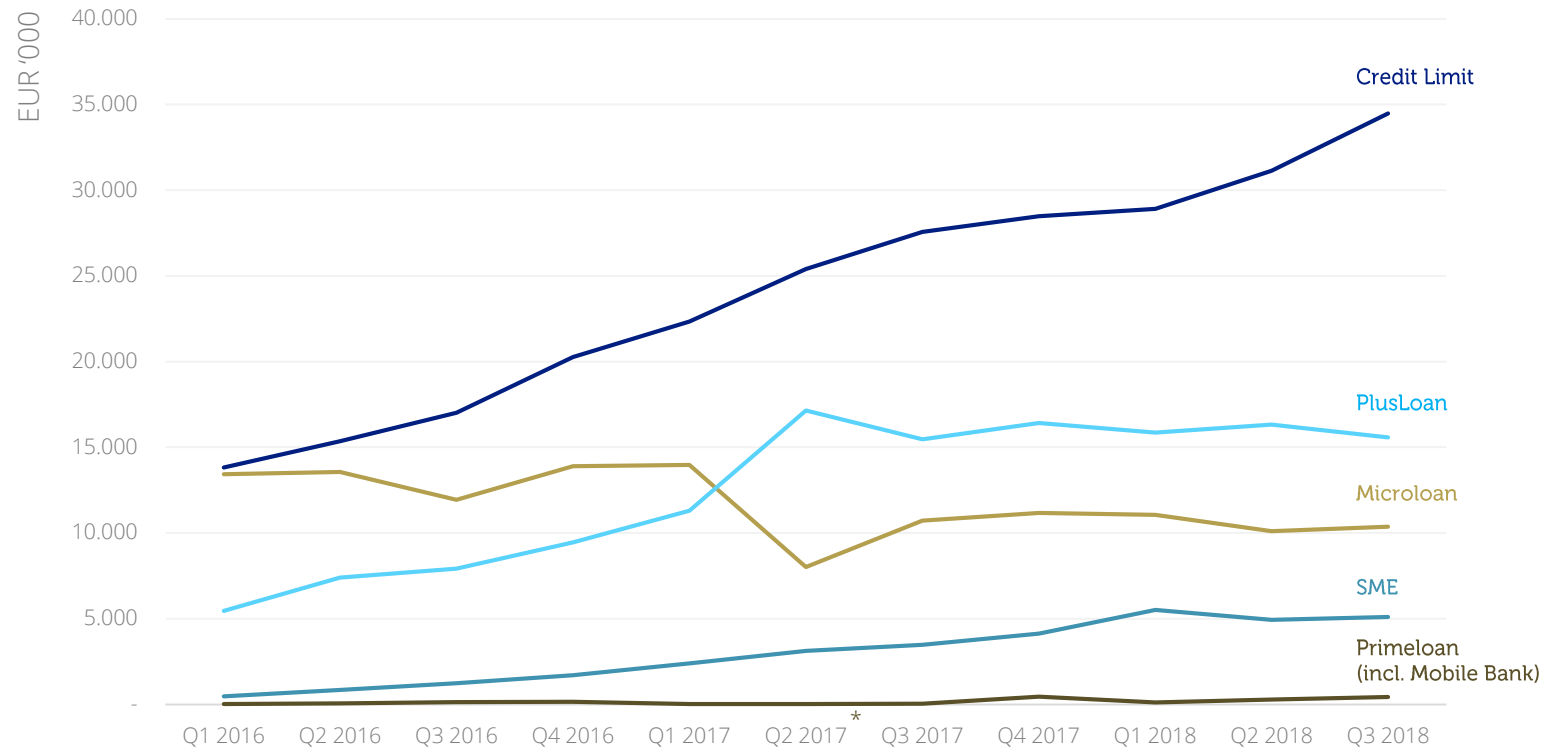
Addressing a range of borrowing needs

Products	Average Loan Value	Average Loan Term	Revenue Share	9M Revenues by Product (€,000)			Active Markets
Primeloan (incl. Mobile Bank) €3,000 – €20,000 / 1 – 10 years	€5,989	4.9 years	0.4%	2017	85	+888% y-o-y	2 (5)
				2018	840		
Business (SMEs) Up to €250,000 / 6 – 18 Month term	€13,290	410 days	8.2%	2017	9,001	+72.7% y-o-y	8
				2018	15,540		
Credit Limit Up to €3,000 / Digital revolving credit line	€1,246	N/A	49.7%	2017	75,294	+25.5% y-o-y	10
				2018	94,519		
PlusLoan €300 – €5,000 / 2 – 36 month term	€744	355 days	25.1%	2017	43,902	+8.8 y-o-y	10
				2018	47,757		
Microloan €25 – €1,000 / 7 – 90 day term	€205	29 days	16.6%	2017	32,724	-3.6% y-o-y	17
				2018	31,538		

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Revenues per segment

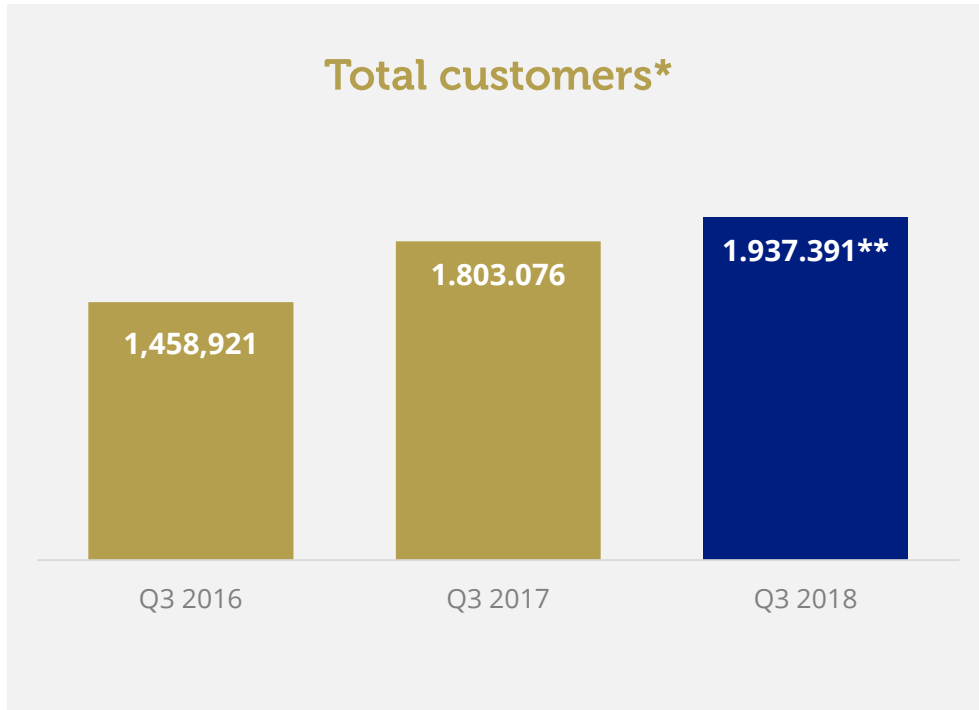
Growth in Credit Limit accelerated in Q2 and Q3



- Credit Limit – approval rate issues mostly fixed in Q3, growth back on track
- PlusLoan – approval rate still lower than 9M 2017. Further action required
- Microloan – revenues decreasing, consistent with strategy
- SME – underlying growth trend continues

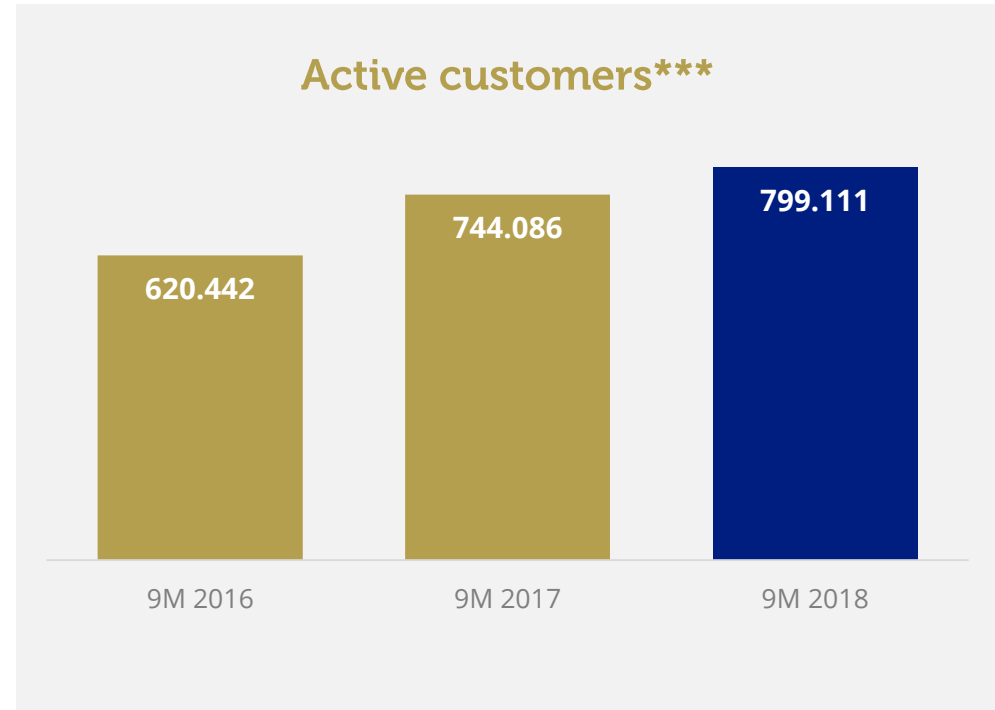
*Multipart loans in Netherlands were launched in Q4 2016 and initially classified as Microloans. These have been reclassified in Q2 2017 from Microloan to PlusLoan according to the further development of the product and the management structure

Customer numbers



* Active and former customers who have been granted one or several loans in the past or has an open mobile account.

** Decline from reported Q2 2018 total number due to GDPR related deletions of former customer records.



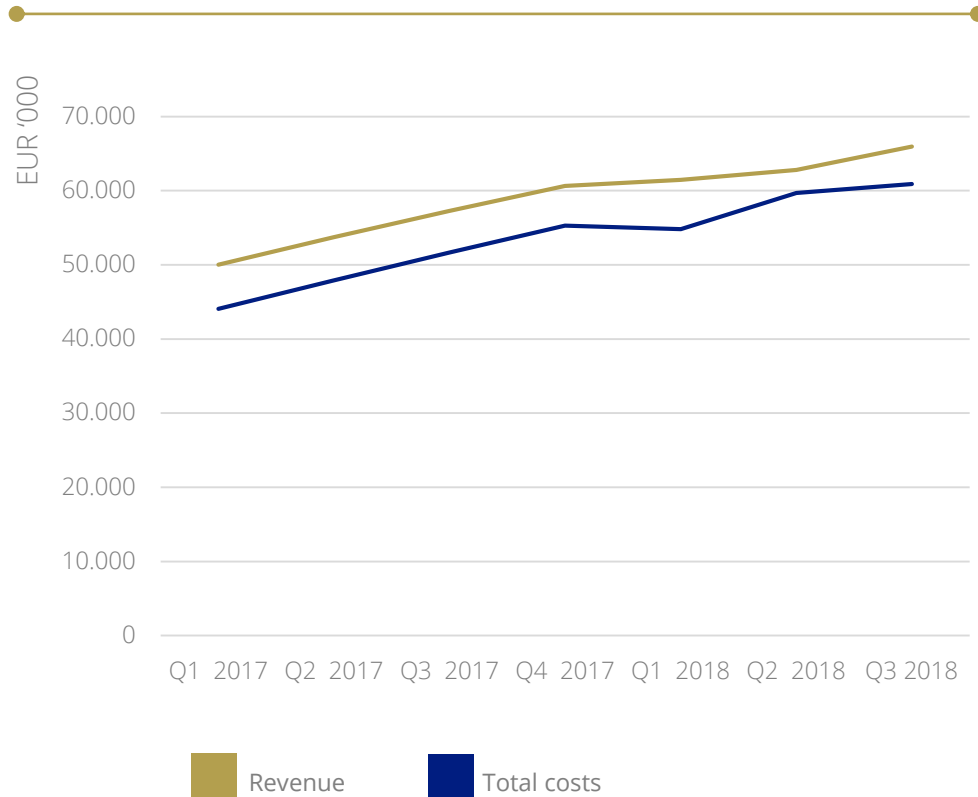
*** Customers with a Mobile Bank account and lending customers who have had an open balance in the last 12 months. If loans are >24m overdue, the customer is not considered active.

Ferratum introducing enhanced Mobile Bank

- Completed smaller improvements and enhanced speed of the app in Q3
- Currently main focus is on launching the next generation of the app and platform in H1 2019
 - New streamlined onboarding will increase customer intake while lowering the customer acquisition cost
 - Having Primeloan available for Mobile Bank customers will increase the average revenue per user (ARPU)
 - The architecturally redesigned Mobile Bank platform will also drive down the cost per account

Growth challenges and priorities

OPERATING COSTS HAVE STABILISED WHILE
REVENUE GROWTH IS RECOVERING



Management progress to improve performance



Accelerate growth of lending by improving risk and increase customer intake

- Improve conversion rate, scoring and underwriting – *ongoing*
- Increase customer intake and efficiency – *ongoing*



Reshape organisation

- Streamline Staffing ✓
- Strengthen top management ✓
- Create five cylinders and responsibilities common to every product ✓
 - Lead generation, conversion funnel, underwriting & collections, CRM, product & pricing



Rebalance resources

- Focus on lending in existing markets ✓
- More resources allocated to risk management and automation ✓



Review geographies for profitability

- Considering withdrawal from 1-2 non-performing countries – *ongoing*

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Reshape Organisation

Strengthen top management

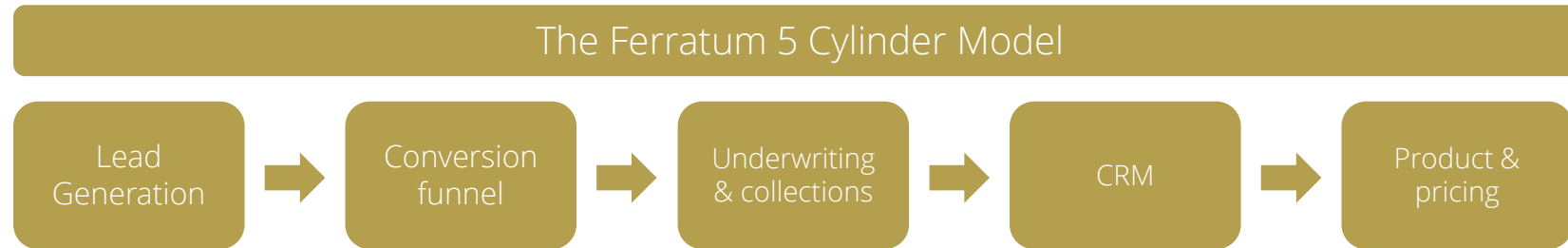
- New, enlarged Leadership Team has been introduced



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Reshape Organisation: 5 cylinder model

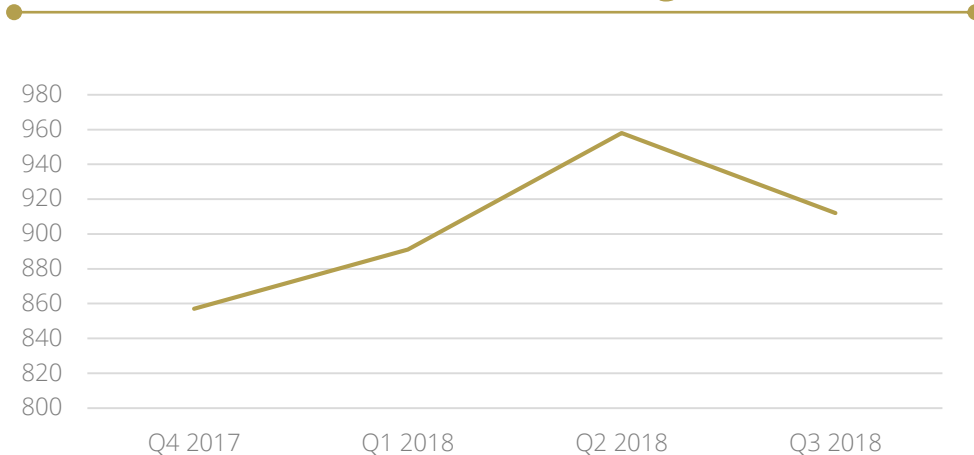
Ensuring strong focus and control over all steps in the lending process



- Internal visibility and control have been increased by:
 - Introduction of the five cylinder model
 - Greater centralisation and automation of the entire lending process globally
- Clear, dedicated KPI for each cylinder, which are monitored daily by the Leadership Team
- Model fully implemented and showing good results

Reshape Organisation and Rebalance Resources

Overall headcount development –
Streamlined staffing



More resources to risk management and automation

- 13% decrease in customer service and back office staff, while maintaining portfolio and service quality
- 9% increase of staff in risk function
- CFO Dr Clemens Krause appointed as Chief Risk Officer
- More tasks taken over by central teams - 68% decrease of staff designated to local organizations
- Targeting overall headcount of 900, expected completion in Q4
- Optimised cost structure, including staff costs, to be in place during Q1 2019

Financial Highlights

Financial performance

Portfolio quality

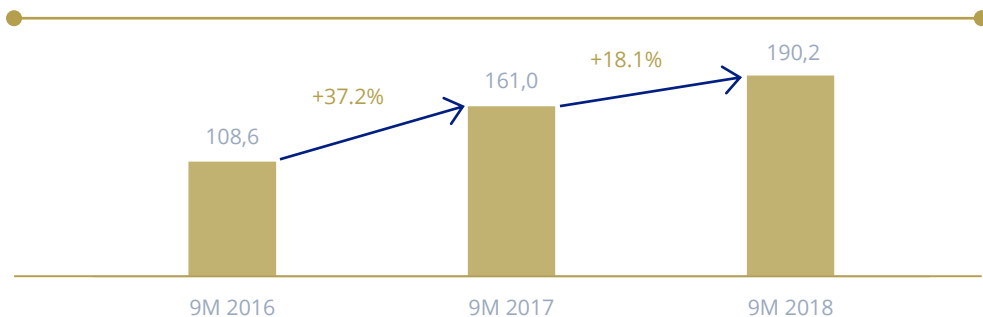
Balance sheet

Operating cash flow

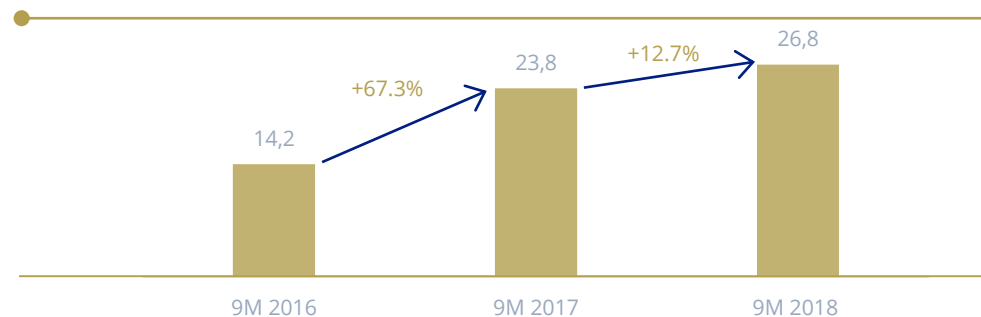
Cost of capital and financing

Revenue and profitability trends in 2018

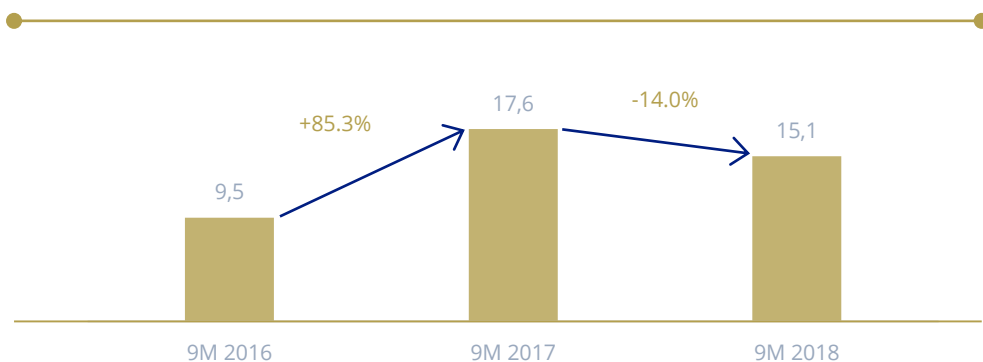
Revenue (EUR million)



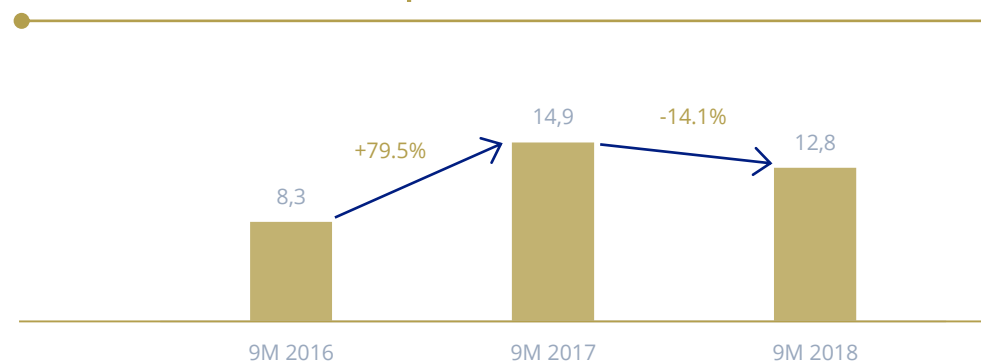
Operating profit – EBIT (EUR million)



Profit before tax – EBT (EUR million)

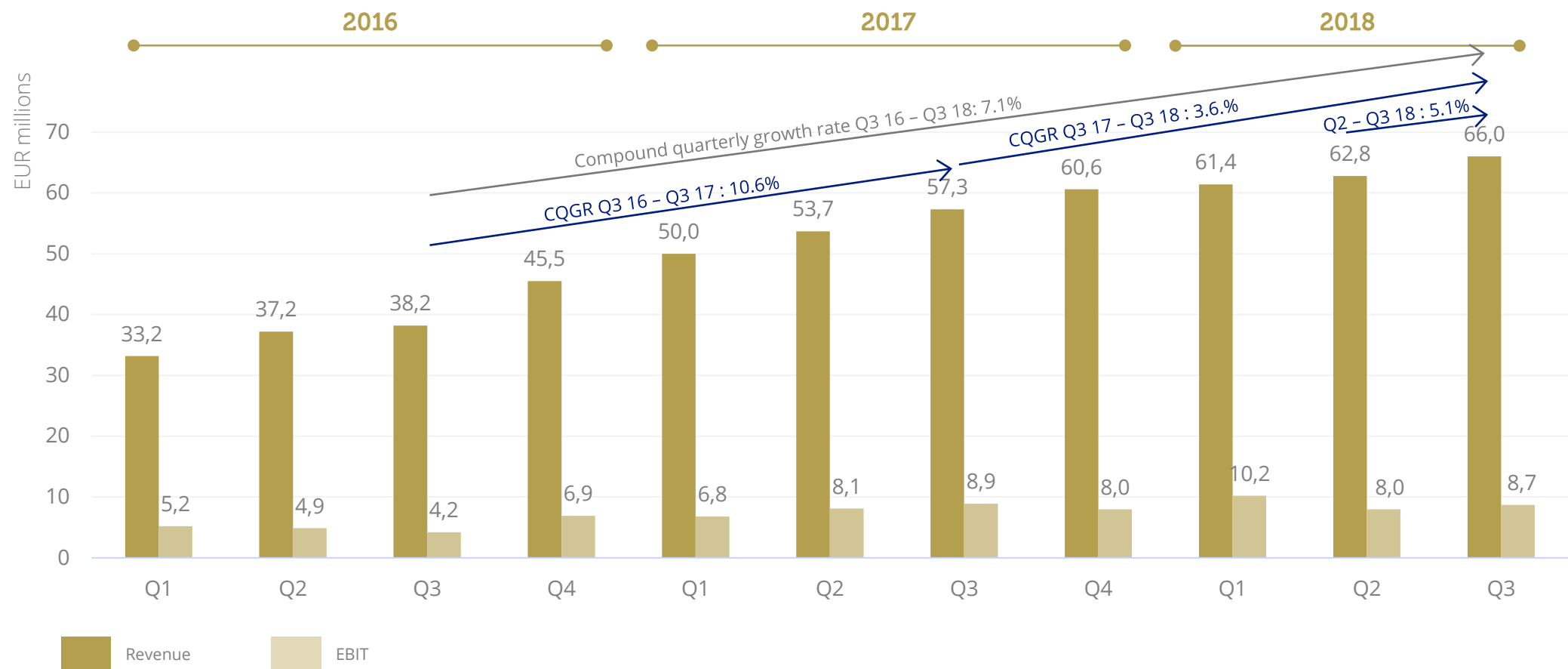


Profit for the period – EAT (EUR million)



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Recovery in growth underway



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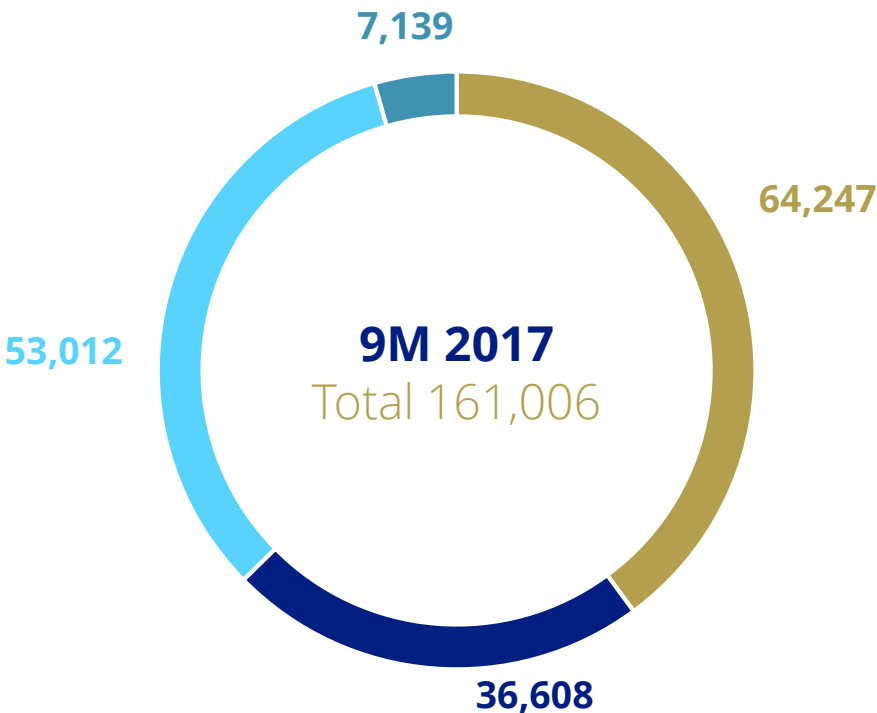
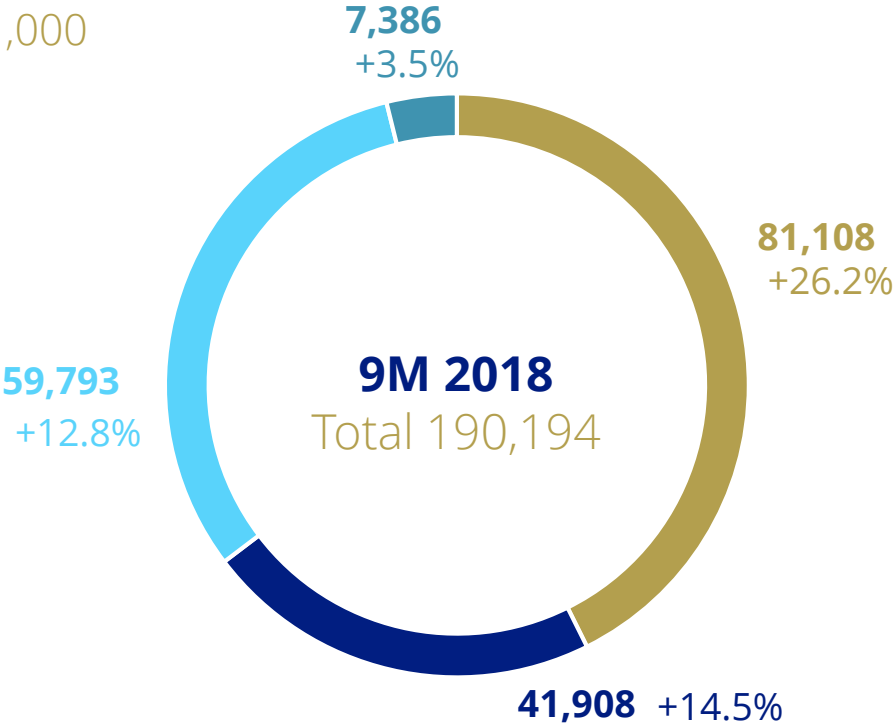
Foreign exchange gains in Q3

EUR'000	Q1 2018	Q2 2018	Q3 2018	YTD 2018	Q1-Q3 2017
AUD	-0,193	0,045	-0,048	-0,196	-0,237
CZK	0,049	-0,381	0,138	-0,194	0,523
PLN	-0,284	-0,964	0,156	-1,092	-0,183
GBP	0,131	-0,080	-0,149	-0,098	-0,092
SEK	-0,900	-0,271	0,366	-0,805	-0,111
Other currencies	0,043	0,046	-0,112	-0,023	-0,009
FX impact on P&L	-1,154	-1,605	0,351	-2,408	-0,109

- The Group's foreign exchange risk, mainly arises from fluctuations of the Polish Zloty and Swedish Krona against the Euro
- Ferratum manages currency risk by using derivative instruments ranging between 0% to 70% of the portfolio value in each currency
- Hedging levels have been increased in Q3
- Q3 period ended with EUR 351,000 FX gains

Regional revenues

EUR ,000



NORTHERN EUROPE
Finland, Sweden,
Denmark and Norway

WESTERN EUROPE
France, Germany, Netherlands
Spain and UK

EASTERN EUROPE
Bulgaria, Croatia, Czech, Estonia,
Latvia, Lithuania, Poland, Romania,
Russia and Slovakia

REST OF THE WORLD
Australia, Brazil, Canada,
Mexico, New Zealand and Nigeria

Continued revenue growth

Operating profit (EBIT) up by 12.7%

EUR, 000	9M 2018	9M 2017	% Change
Revenue	190,194	161,006	+18.1%
Other income	333	200	+ 66.5%
Impairment of loans	(63,996)	(56,277)	+13.7%
Selling & marketing expenses	(30,396)	(24,958)	+21.8%
Total other operating expenses	(69,303)	(56,161)	+23.4%
EBIT	26,833	23,810	+12.7%
Net financial costs	(11,723)	(6,236)	+88.0%
EBT	15,110	17,575	-14.0%
Income tax	(2,267)	(2,636)	-14.0%
Net profit	12,843	14,939	-14.0%
Earning per share, basic (EUR)	0.60	0.69	-13.0%
Earning per share, diluted (EUR)	0.59	0.69	-14.5%

- EBIT increasing initiatives have been taken and show some improvements in Q3, with more expected in Q4 2018 and Q1 2019
- Net financial cost include a € 2.4 million FX loss vs a EUR 0.1 million loss in 2017
- Net financial cost include EUR 800,000 extra interest as the outstanding bonds (due in 10/2018) were not fully converted into the new bonds at the period end

Credit Limit growth restored in Q2 and Q3

EUR ,000

	Microloan		PlusLoan		Credit Limit		SME		Mobile Bank**		Total	
	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017
Revenue*	31,538	32,724	47,757	43,902	94,519	75,294	15,540	9,001	840	85	190,194	161,006
Impairments	(14,345)	(17,942)	(16,432)	(16,325)	(27,325)	(19,657)	(4,826)	(2,066)	(1,067)	(288)	(63,996)	(56,277)
As % of Revenue	45.5%	54.8%	34.4%	37.2%	28.9%	26.1%	31.1%	23.0%	127.0%	-	33.6%	35.0%
Marketing	(3,267)	(2,630)	(6,862)	(6,983)	(15,415)	(12,770)	(3,381)	(2,091)	(1,471)	(483)	(30,396)	(24,958)
As % of Revenue	10.4%	8.0%	14.3%	15.8%	16.3%	16.9%	21.8%	23.2%	175.1%	-	16.0%	15.5%
Attributable Product Margin	13,981	12,153	24,547	20,594	51,945	42,687	7,361	4,844	(1,698)	(687)	96,136	79,771
As % of Revenue	44.3%	37.1%	51.4%	46.9%	55.0%	56.9%	47.4%	53.8%	-	-	50.5%	49.5%
Total Non-directly Attributable costs	(10,865)	(10,507)	(16,452)	(14,096)	(32,561)	(24,175)	(5,353)	(2,890)	(4,071)	(4,293)	(69,303)	(55,961)
Operating Profit	3,116	1,646	8,095	6,498	19,384	18,692	2,007	1,954	(5,769)	(4,980)	26,833	23,810
Gross Profit Margin, %	9.9%	5.0%	17.0%	14.8%	20.5%	24.8%	12.9%	21.7%	-	-	14.1%	14.8%
Finance costs, net	(917)	(747)	(2,394)	(1,648)	(4,612)	(2,939)	(1,338)	(737)	(177)	(9)	(11,723)	(6,236)
Net Profit	2,199	899	5,701	4,850	14,771	15,754	670	1,216	(5,946)	(4,989)	15,110	17,575
As % of Revenue	7.0%	2.7%	11.9%	11.0%	15.6%	20.9%	4.3%	13.5%	-	-	7.9%	10.9%

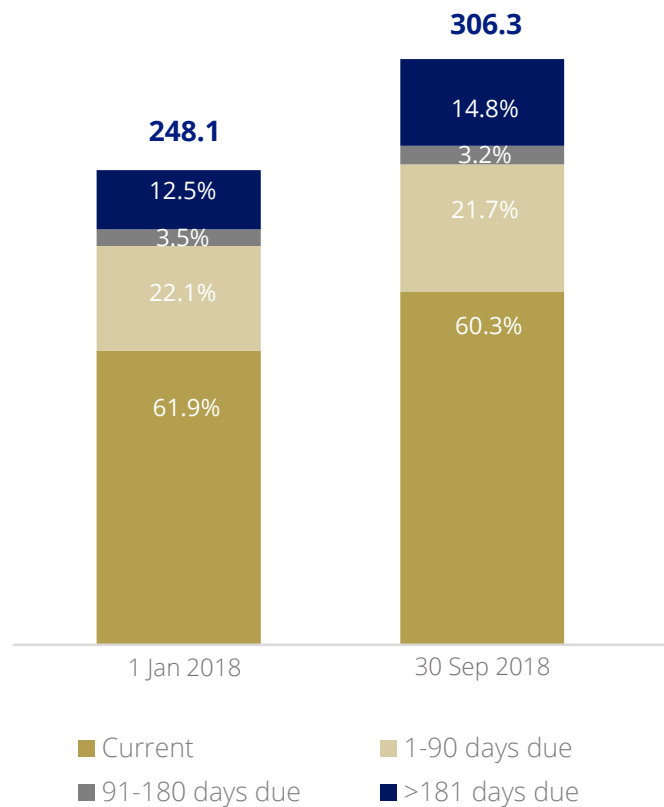
*incl. other income

**incl. Mobile Bank, Primeloan and Ferratum P2P

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Healthy portfolio growth

Portfolio NBV (EUR million)



EUR '000	GBV	Impairments	NBV	Coverage ratio (%)
1 Jan 2018				
Current	158,368	(4,695)	153,673	3.0
1-90 days due	72,398	(17,649)	54,749	24.4
91-180 days due	21,474	(12,768)	8,706	59.5
>181 days due	84,004	(52,988)	31,016	63.1
Total	336,243	(88,100)	248,143	26.2

EUR '000	GBV	Impairments	NBV	Coverage ratio (%)
30 Sep 2018				
Current	189,648	(5,009)	184,639	2.6
1-90 days due	84,800	(18,235)	66,565	21.5
91-180 days due	22,943	(13,208)	9,734	57.6
>181 days due	139,438	(94,062)	45,376	67.5
Total	436,829	(130,515)	306,314	29.9

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Solid balance sheet structure

High cash level based on high deposit volume

EUR '000	30 Sep 2018	31 Dec 2017
Assets		
Non-current assets	44,533	36,128
Accounts receivable – consumer loans (net)	306,314	257,406
Other receivables	5,721	10,554
Income tax assets	312	519
Cash and cash equivalents	159,409	131,832
Total Assets	517,386	436,595

EUR '000	30 Sep 2018	31 Dec 2017
Equity and liabilities		
Equity	107,937	105,243
Non-current liabilities	137,613	64,167
Current liabilities	271,835	267,185
of which deposits	192,291	174,301
Total Equity & Liabilities	517,386	436,595
Net debt to equity ratio	2.32	1.90

- Deposit volume higher than required in 2018 – but in line with 2019 needs
- Moderate growth in accounts receivable – in line with revenue growth
- Solid net debt to equity ratio of 2.32
- Two bonds have been repaid in October 2018 which will reduce total assets in Q4 and strengthen the equity ratio

Successful placing of EUR 100 million bonds and listing on Prime Standard in Frankfurt

Diversified investor base

- In May 2018, Ferratum Capital Germany GmbH successfully placed EUR 100 million of new senior unsecured bonds
- Coupon of 3 months Euribor plus 5.50 per cent p.a. and a tenor of four years
- Part of the proceeds have been used to repay EUR 45 million of bonds that matured in October 2018
- Additional funds strengthened balance sheet to finance further business growth
- Tap option for additional EUR 50 million of senior bonds available
- The bonds are listed on Nasdaq Stockholm as well as Frankfurt Stock Exchange. From 9 November, the bonds were admitted to the Prime Standard in Frankfurt

Strong liquidity and negative operational cash flow, due to intentionally lower deposit intake

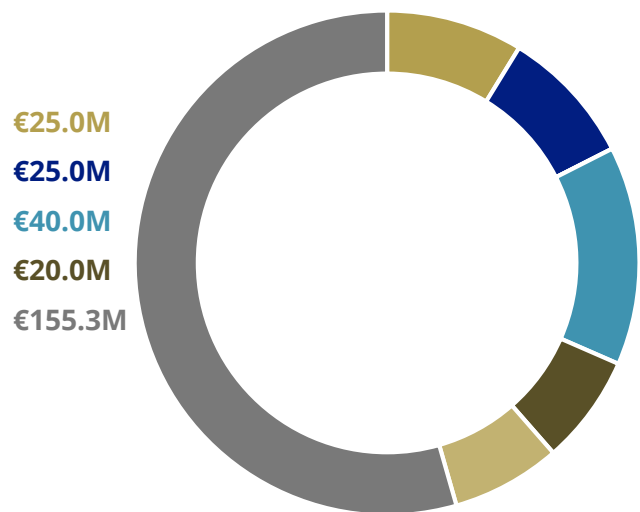
EUR '000

Assets	9M 2018	9M 2017
Net cash from operating activities before movements in portfolio and deposits	94,458	75,579
Net cash from operating activities	(18,982)	14,691
Net cash used in investing activities	(10,284)	(6,862)
Net cash used in financing activities	56,023	34,617
Net increase/decrease in cash equivalents	26,757	42,446
Cash and cash equivalents at the end of the period	159,409	116,198

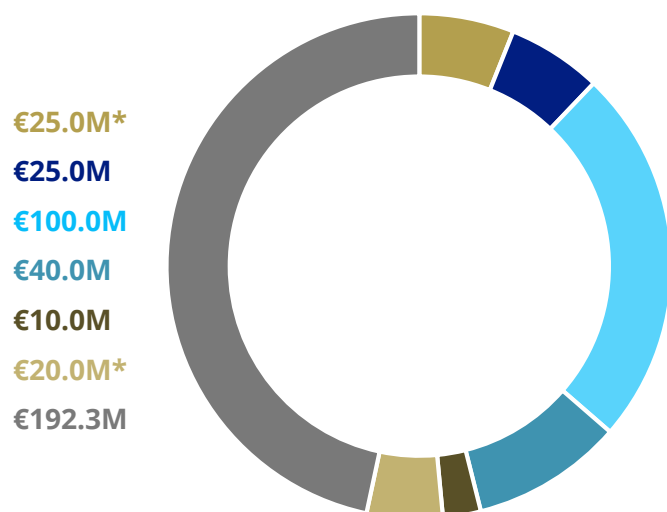
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Cost of capital slightly increasing due to EUR 100M bond issue

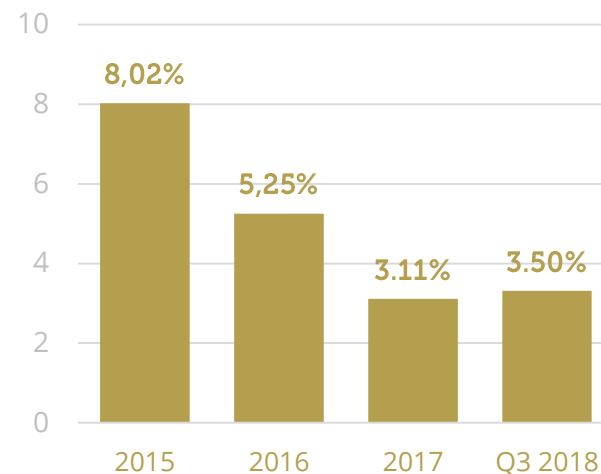
FINANCING MIX 9M 2017










FINANCING MIX 9M 2018



WEIGHTED AVERAGE COST OF FUNDING



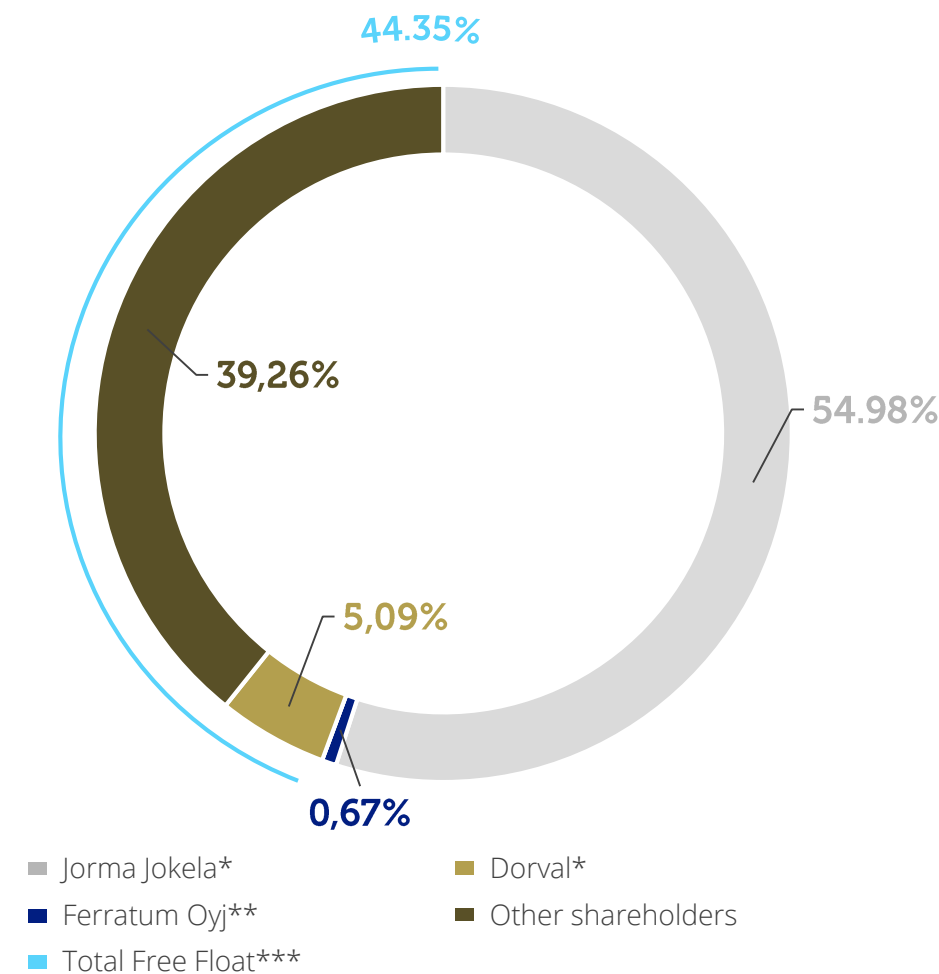
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|---|--|---|---|
|  | Ferratum Capital Germany GmbH 8% 2018* |  | Ferratum Capital Germany 5.5% + 3m Euribor 2022 |
|  | Ferratum Capital Germany 4.00% 2018* |  | Nordea Credit Line |
|  | Ferratum Capital Germany 4.875% 2019 |  | Deposits |
|  | Ferratum Bank 6.25% + 3m Euribor 2020 | | |

**Bonds were partially repaid as at 30 September 2018, and subsequently fully repaid on 22 October 2018, from proceeds of the bond for EUR 100m.*

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Summary

Shareholder information

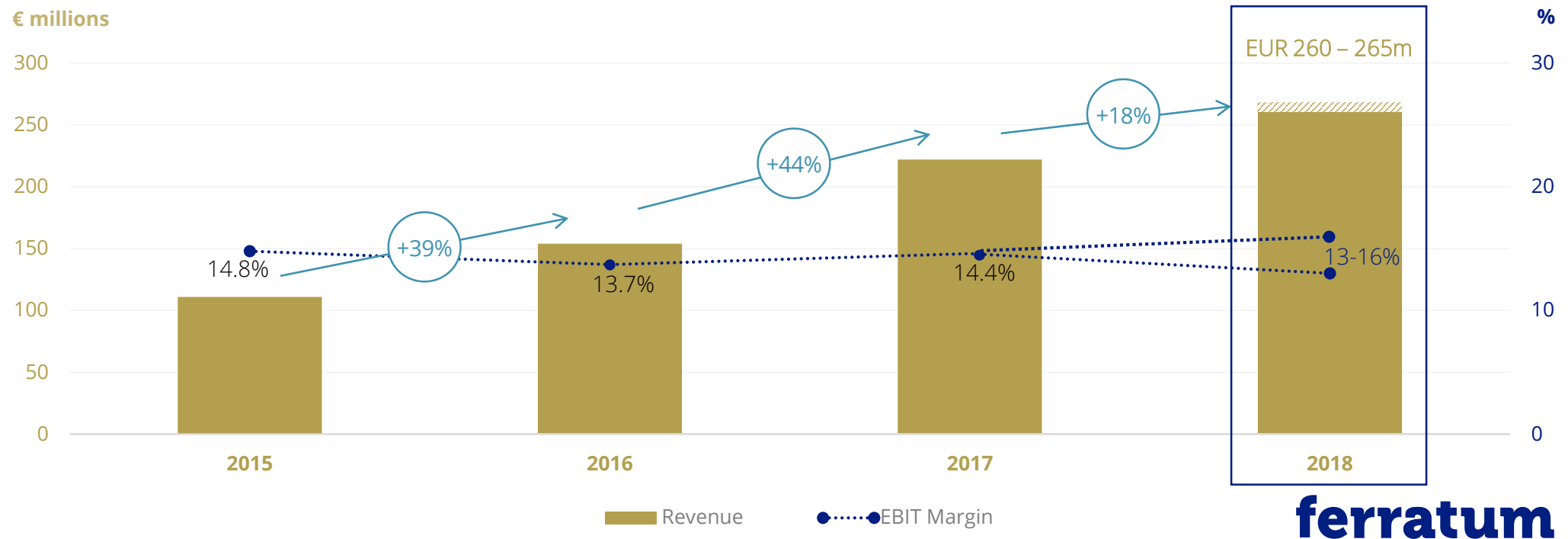


* Shareholders holding based on the latest shareholder notifications received
** Own shares held by Ferratum Oyj
*** Total free float includes shares held by Dorval as well as shares held by employees and management

Date	Financial Calendar Events
26 – 27 Nov 2018	German Equity Forum
14 Mar 2019	Ferratum Group 2018 preliminary results
27 Mar 2019	Ferratum Group full year 2018 results
17 Apr 2019	Ferratum Group AGM
29 April 2019	Ferratum Bank and Ferratum Capital Germany full year 2018 results
16 May 2019	Ferratum Group Q1 results
21 Aug 2019	Ferratum Group H1 results
30 Aug 2019	Ferratum Bank and Ferratum Capital Germany H1 results
14 Nov 2019	Ferratum Group Q3 results

Summary and Outlook

- Full year revenue guidance narrowed to EUR 260-265 million from EUR 260-280 million
- EBIT margin guidance maintained at 13-16%
- Remedial action taken to restore loan approval rates
- Further management actions being taken to improve performance



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