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**FERRATUM**

**COMPANY PRESENTATION**

# 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

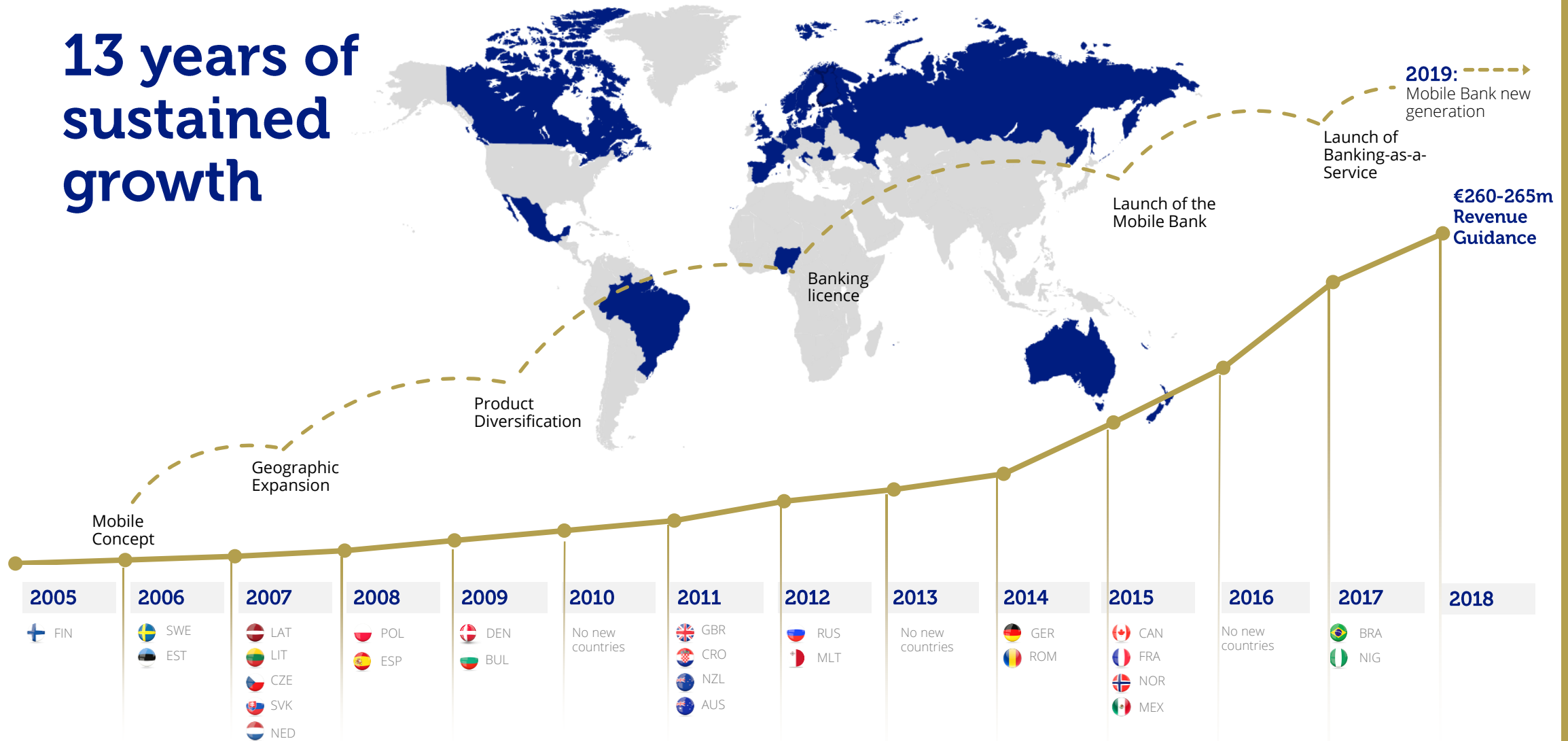


Frankfurt Prime Standard

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# 13 years of sustained growth



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# Our investment case

## Our business

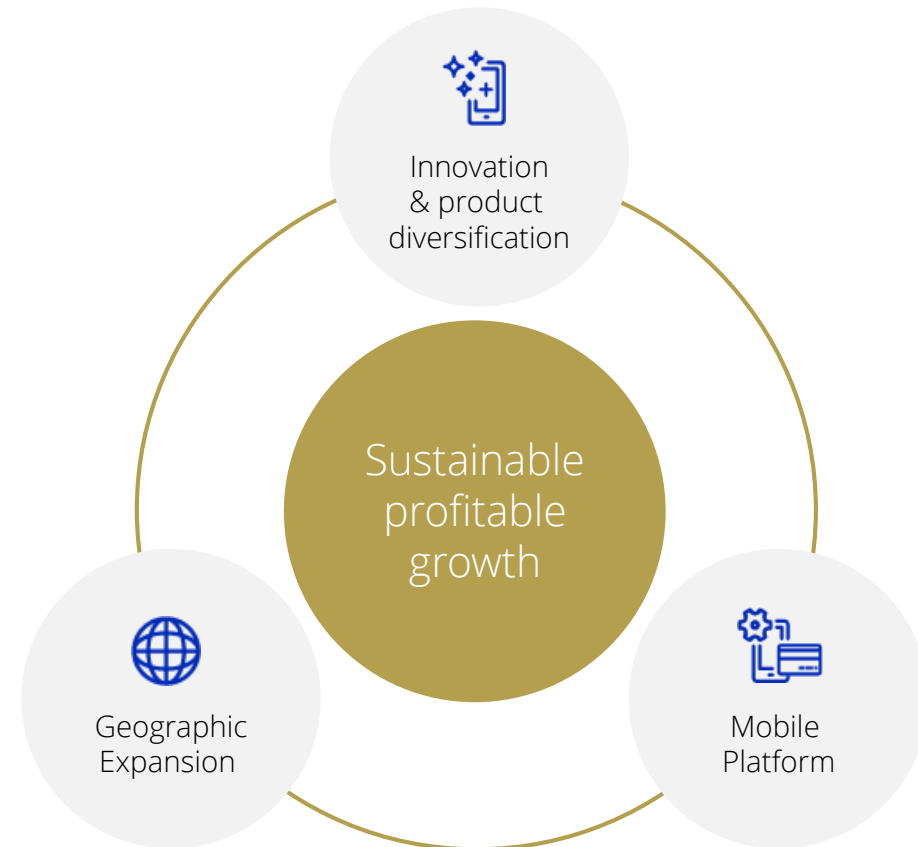
We provide financial services that enable and empower our customers

## Our corporate strategy

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

## Our growth strategy

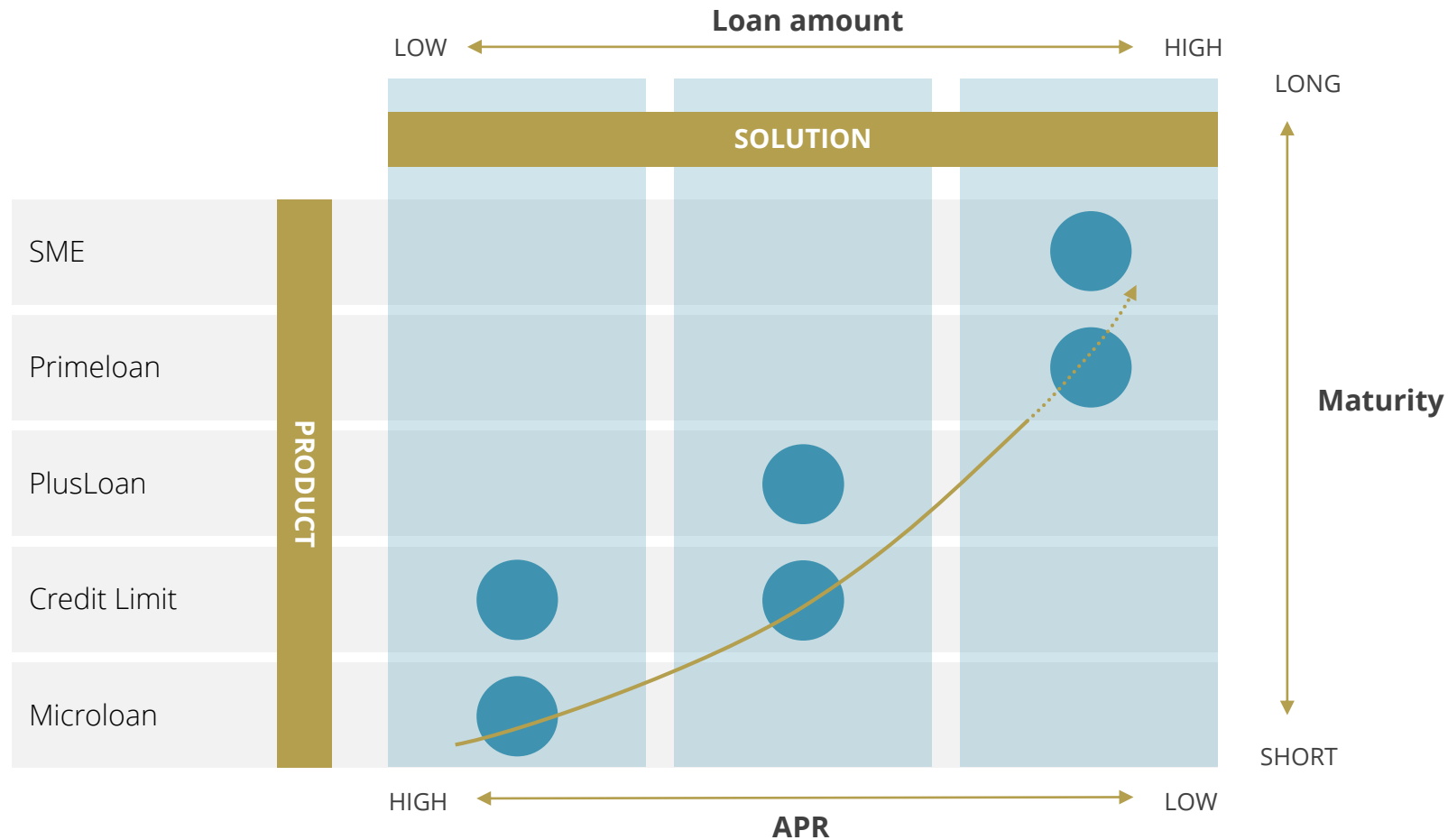
Innovation, geographic expansion and global partnerships that generate sustainable, profitable growth



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# Product category evolution

Moving towards longer-term solutions and higher customer lifetime value



# Digital lending

Addressing a range of borrowing needs

Products	Average Loan Value	Average Loan Term	Revenue Share	9M Revenues by Product (€,000)			Active Markets
<b>Primeloan (incl. Mobile Bank )</b> €3,000 – €20,000 / 1 – 10 years	€5,989	4.9 years	0.4%	2017	85	+888% y-o-y	2 (5)
				2018	840		
<b>Business (SMEs)</b> 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		
<b>Credit Limit</b> 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		
<b>PlusLoan</b> €300 – €5,000 / 2 – 36 month term	€744	355 days	25.1%	2017	43,902	+8.8 y-o-y	10
				2018	47,757		
<b>Microloan</b> €25 – €1,000 / 7 – 90 day term	€205	29 days	16.6%	2017	32,724	-3.6% y-o-y	17
				2018	31,538		

# Mobile Bank: The bank in your hand



**Easy**



**Multi-national**



**Mobile**



**Real-time**

## Advantages for Ferratum

Deposits for more favourable refinancing of loan business

Open platform for new and third-party products (commission)

Mobile features improve customer loyalty

Multi account access improves Big Data scoring

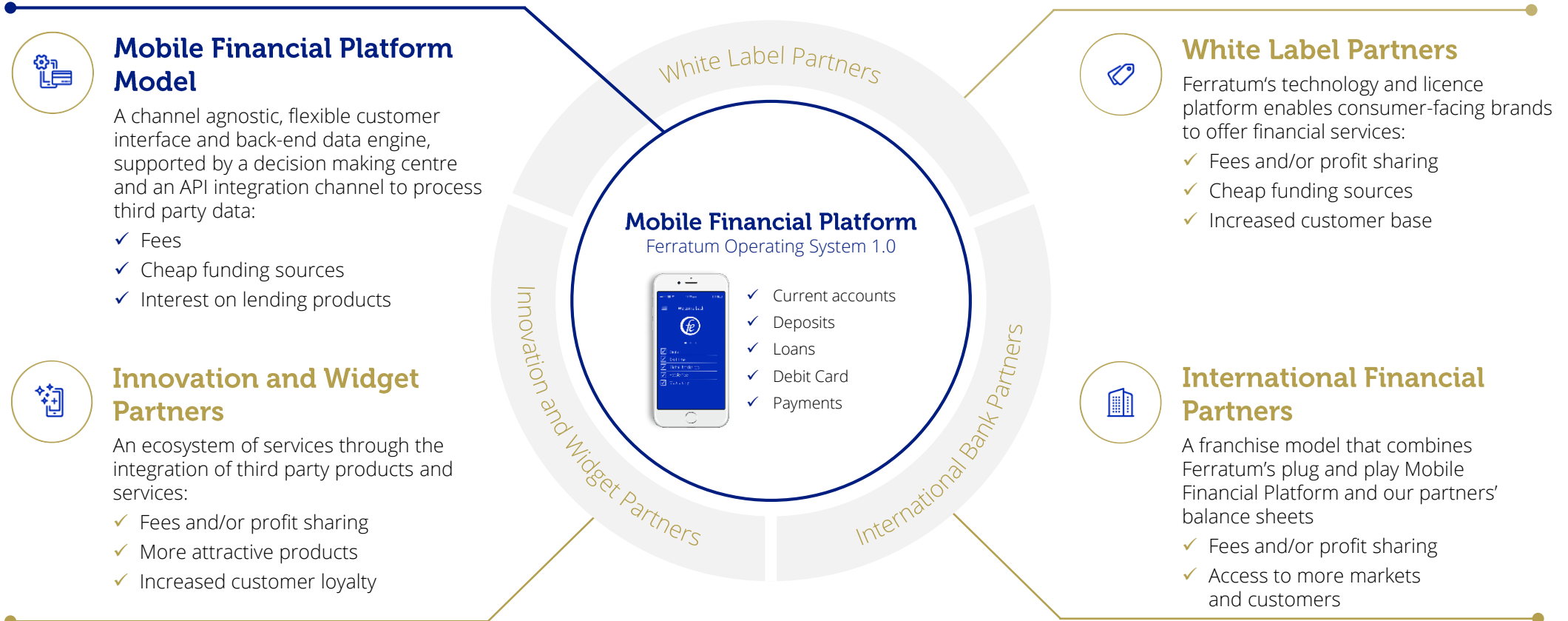
### State-of-the-art Mobile Bank based on

- Mobile account opening
- Real-time loans
- Deposits
- Transactions
- Currencies
- Third-party products in future

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# Ferratums Platform Model

Global scalability beyond Ferratum's balance sheet: multiple sources of revenue



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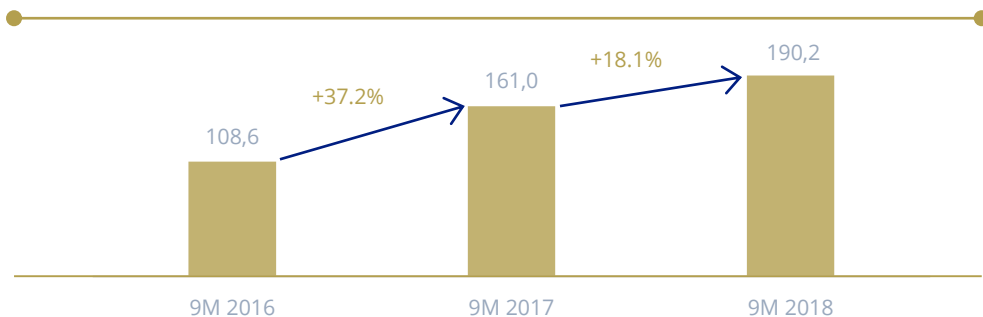


# Financial Highlights

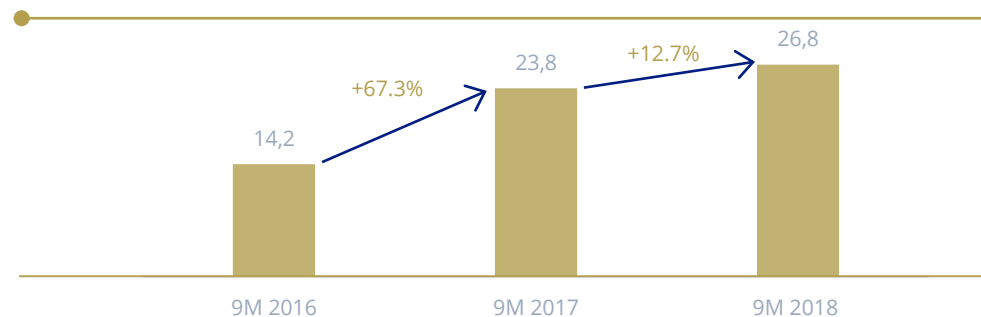
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# Revenue and profitability trends in 2018

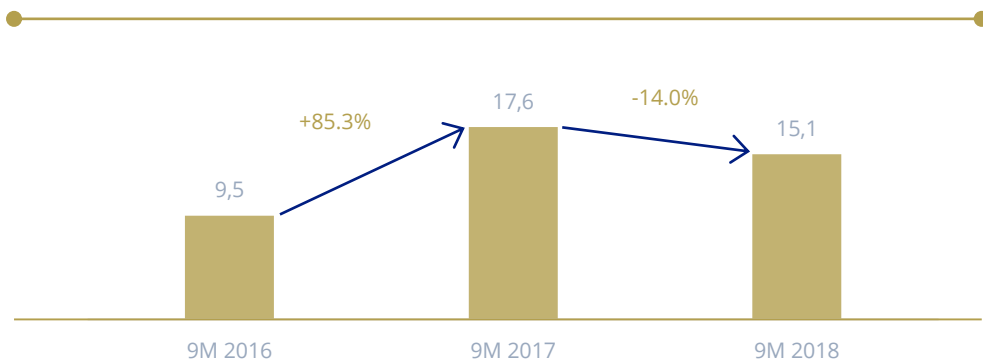
Revenue (EUR million)



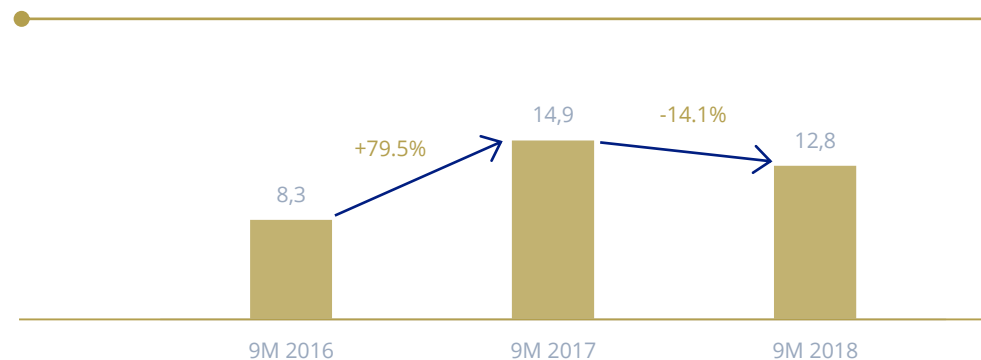
Operating profit – EBIT (EUR million)



Profit before tax – EBT (EUR million)

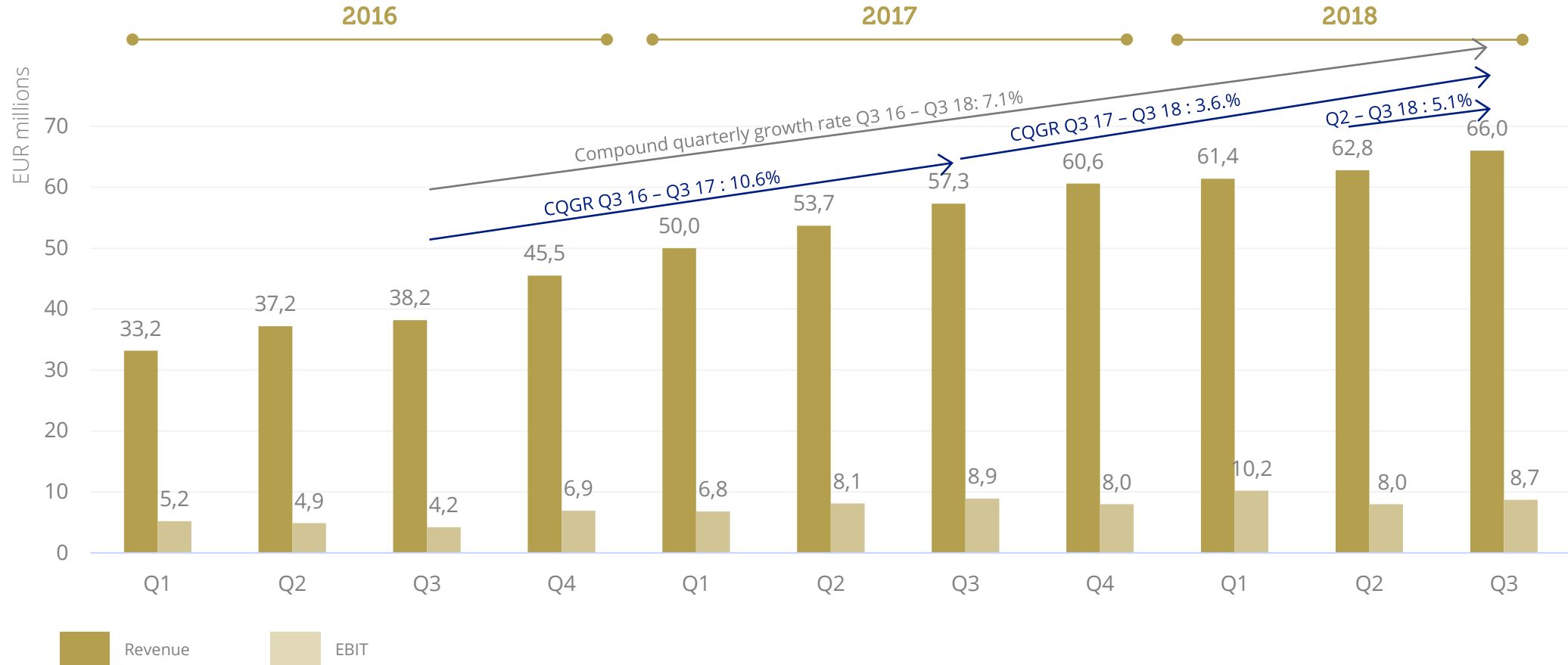


Profit for the period – EAT (EUR million)



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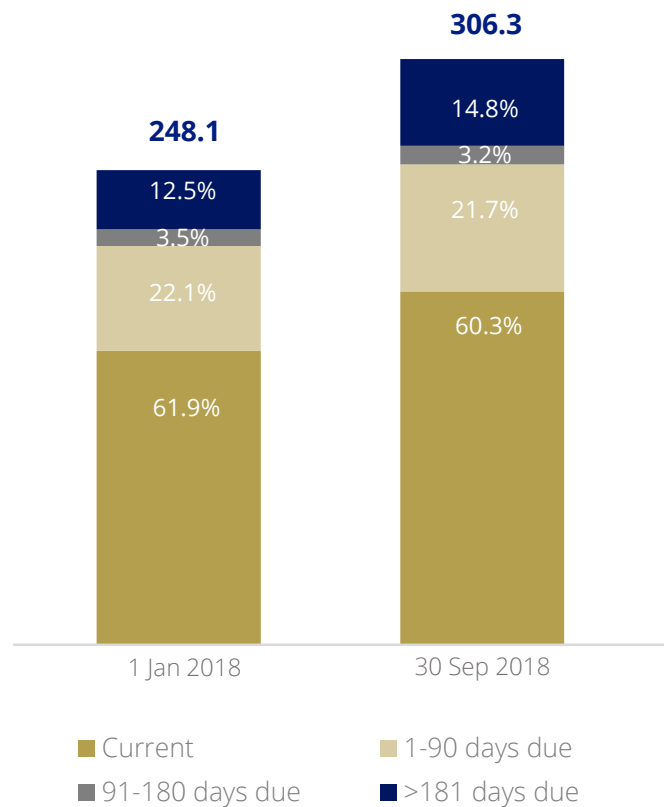
# Recovery in growth underway



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# 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
<b>Total</b>	<b>336,243</b>	<b>(88,100)</b>	<b>248,143</b>	<b>26.2</b>

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
<b>Total</b>	<b>436,829</b>	<b>(130,515)</b>	<b>306,314</b>	<b>29.9</b>

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# Solid balance sheet structure

High cash level based on high deposit volume

EUR '000	30 Sep 2018	31 Dec 2017
<b>Assets</b>		
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
<b>Total Assets</b>	<b>517,386</b>	<b>436,595</b>

EUR '000	30 Sep 2018	31 Dec 2017
<b>Equity and liabilities</b>		
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
<b>Total Equity &amp; Liabilities</b>	<b>517,386</b>	<b>436,595</b>
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

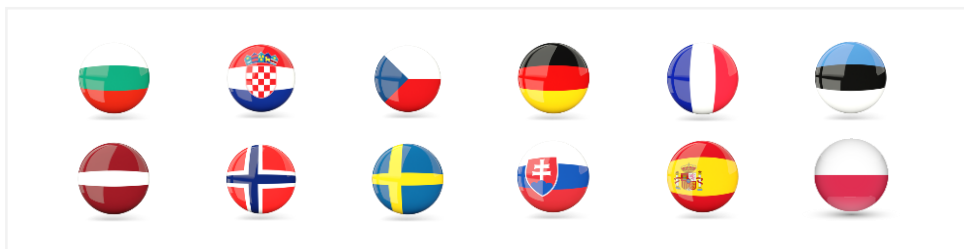


# Scope to further improve cost of capital over time...

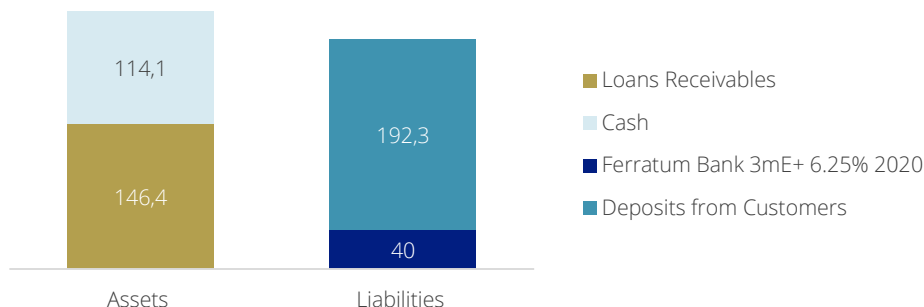
## ...by migrating more countries under Sphere I operations

### SPHERE I OPERATIONS

Countries covered by  
Ferratum Bank p.l.c.'s EU banking licence



FINANCING SPLIT 9M 2018 (EUR million)

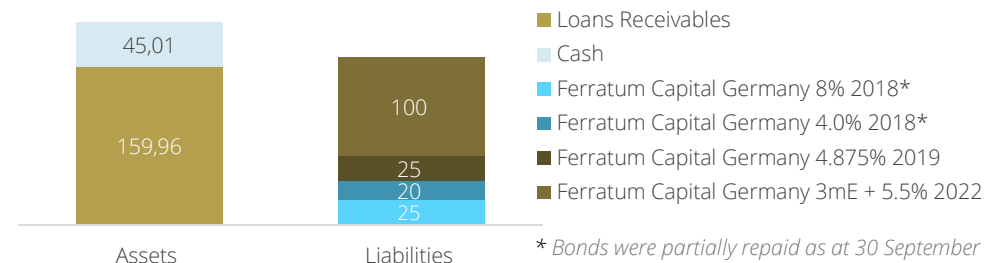


### SPHERE II OPERATIONS

Countries / operations *not* currently utilising  
Ferratum Bank p.l.c.'s EU banking licence



FINANCING SPLIT 9M 2018 (EUR million)

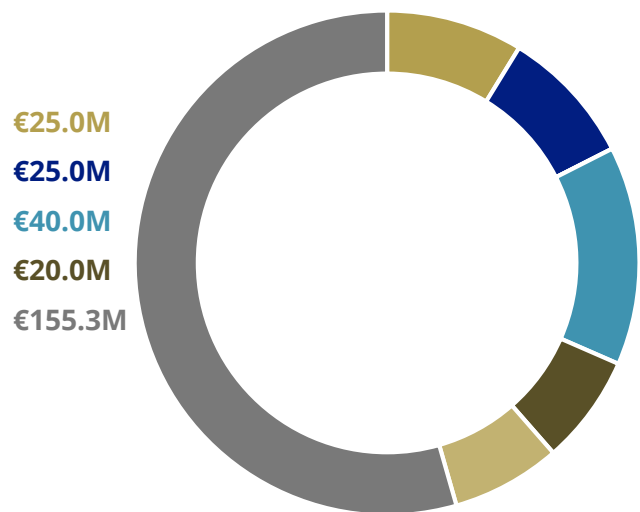


\* Bonds were partially repaid as at 30 September 2018, and subsequently fully repaid on 22 October 2018, from proceeds of the bond for EUR 100m.

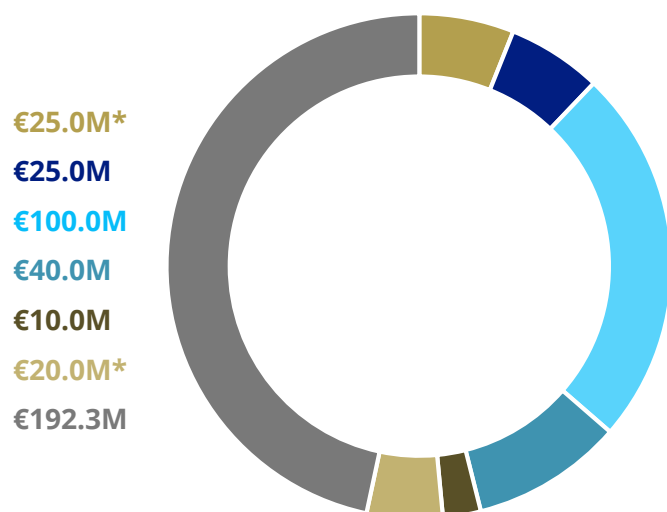
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# Cost of capital slightly increasing due to EUR 100M bond issue

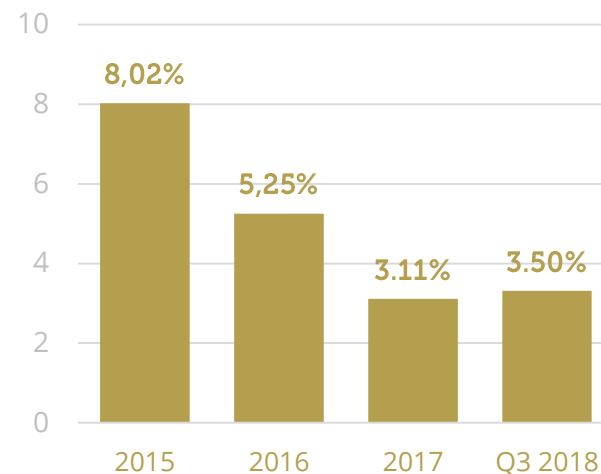
## FINANCING MIX 9M 2017










## FINANCING MIX 9M 2018



## WEIGHTED AVERAGE COST OF FUNDING



- |                                                                                     |                                        |                                                                                     |                                                 |
|-------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------|
|  | 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.*

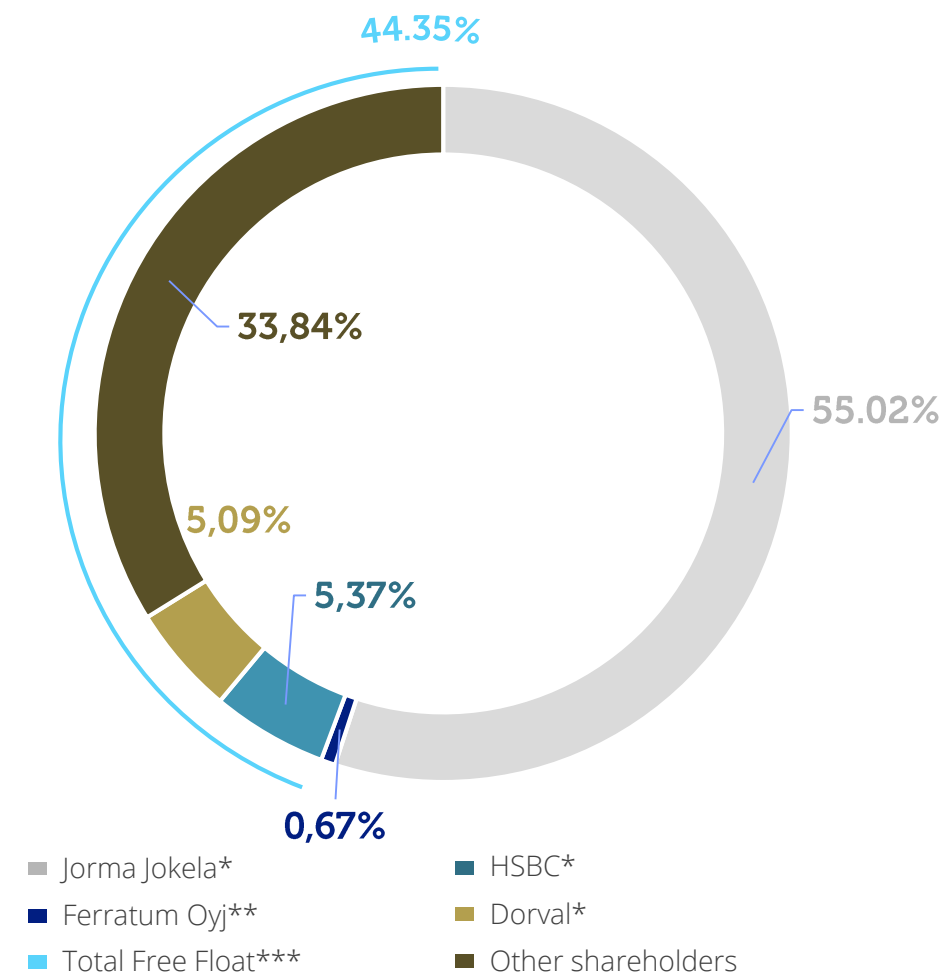
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# Summary



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# Shareholder information

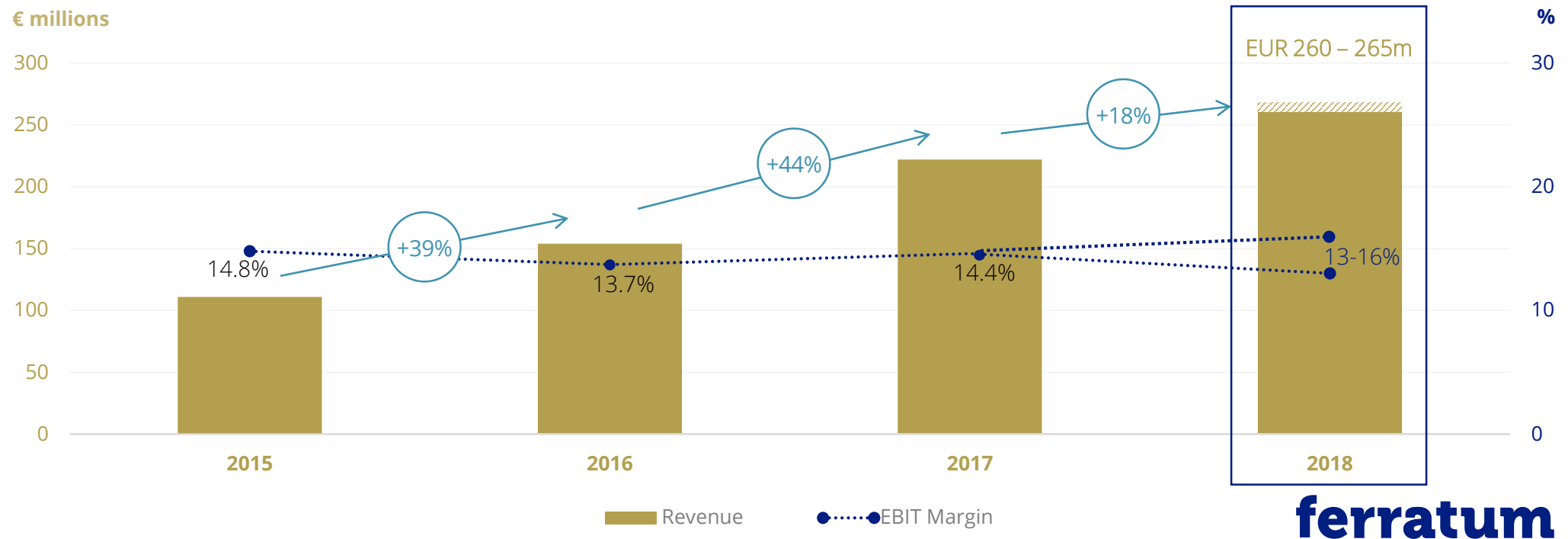


\* Shareholders holding based on the latest shareholder notifications received  
\*\* Own shares held by Ferratum Oyj  
\*\*\* Total free float includes shares held by Dorval & HSBC as well as shares held by employees and management

Date	Financial Calendar Events
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





# Contact information

## Investor Relations

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## Headquarters

### **Ferratum Group**

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# Backup slides

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# 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%
<b>EBIT</b>	<b>26,833</b>	<b>23,810</b>	<b>+12.7%</b>
Net financial costs	(11,723)	(6,236)	+88.0%
<b>EBT</b>	<b>15,110</b>	<b>17,575</b>	<b>-14.0%</b>
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

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

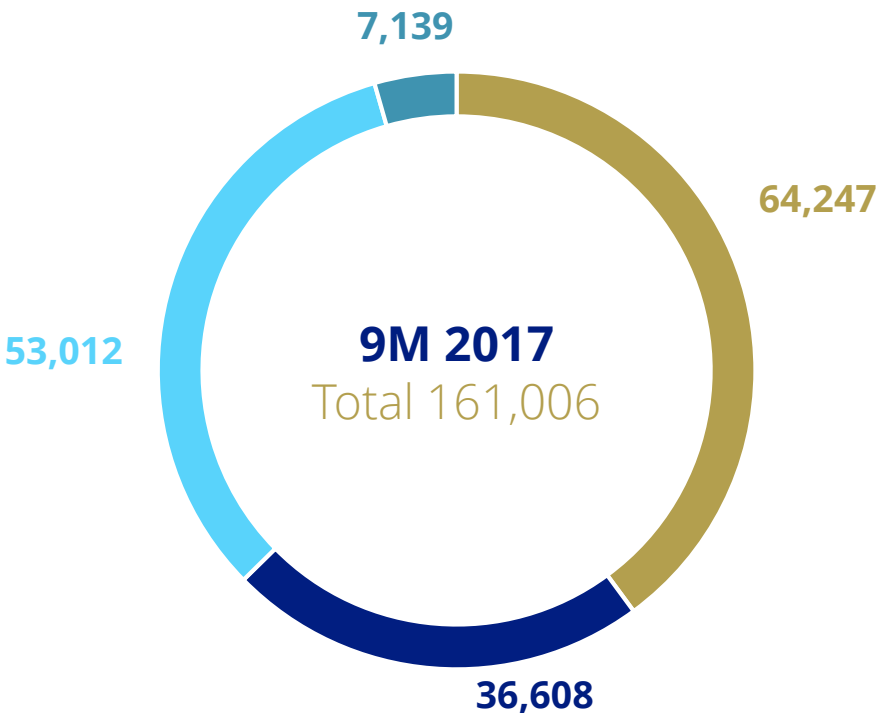
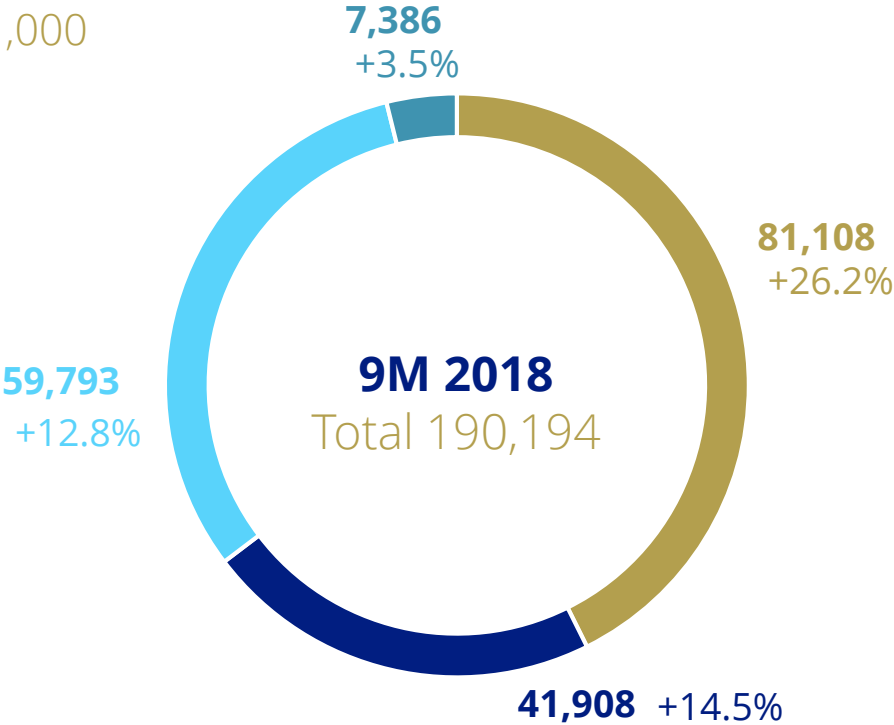
EUR '000

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
<b>Net increase/decrease in cash equivalents</b>	<b>26,757</b>	<b>42,446</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>159,409</b>	<b>116,198</b>

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# 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



# 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)
<b>Net Profit</b>	<b>2,199</b>	<b>899</b>	<b>5,701</b>	<b>4,850</b>	<b>14,771</b>	<b>15,754</b>	<b>670</b>	<b>1,216</b>	<b>(5,946)</b>	<b>(4,989)</b>	<b>15,110</b>	<b>17,575</b>
<b>As % of Revenue</b>	<b>7.0%</b>	<b>2.7%</b>	<b>11.9%</b>	<b>11.0%</b>	<b>15.6%</b>	<b>20.9%</b>	<b>4.3%</b>	<b>13.5%</b>	<b>-</b>	<b>-</b>	<b>7.9%</b>	<b>10.9%</b>

\*incl. other income

\*\*incl. Mobile Bank, Primeloan and Ferratum P2P

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