



# Ferratum™

More than money **to everyone**

IFRS unaudited financial results – H1 2017

**August 2017**



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# Important Notice

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# 01

Business overview  
Jorma Jokela, CEO

## Pioneering digital lender



Consumer  
loans



Business  
loans



Mobile  
bank



Founded  
Helsinki  
2005



EU Banking  
Licence



Frankfurt  
Prime  
Standard

12

years of  
profitable  
growth

1.7M

active  
& former  
customers

24

countries

€104M

H1 2017 revenue

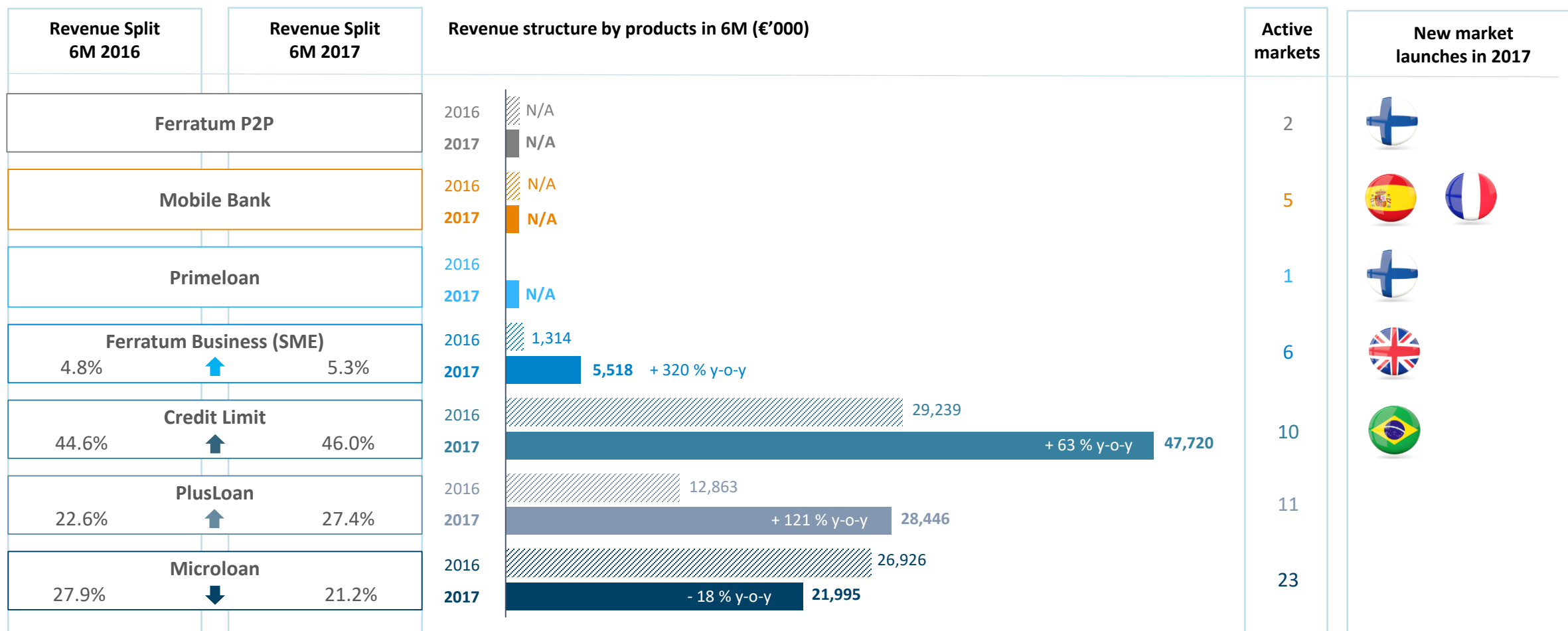
+47%

y-o-y growth

# H1 2017 Highlights

- **Revenue** of EUR 103.7 million – up 47.3% year-on-year
- **Operating profit (EBIT)** of EUR 14.9 million – up 48.3% year-on-year
- **EBIT margin** of 14.4%
- **Profit before tax (EBT)** of EUR 11.8 million – up 67.7% year-on-year
- **EPS (basic and diluted)** increased 62.8% to EUR 0.46 per share
- Maturing EUR 20 million Ferratum Bank p.l.c. bond repaid in Q1 with proceeds from EUR 25 million senior unsecured bond issued Q4 2016
- Successful tap issue of EUR 15 million by Ferratum Bank p.l.c. in June 2017
- Net financing costs are stable at EUR 3.2 million (H1 2016: EUR 3.1 million), benefiting from FX gains in H1 2017 vs FX losses in H1 2016
- Net book value of loan portfolio grew by 64% to EUR 225 million (H1 2016: EUR 137 million)
- Deposits from customers increased to EUR 121.2 million (H1 2016: EUR 32.9 million)
- Active/former customer base increased by 337,000 to 1.73 million – up 24% year-on-year

## Credit Limit and PlusLoan growth supported by loyal Microloan customer base





# Centralisation

- A key initiative of our Growth Acceleration Programme initiated in Q3 2016
- Centralisation of customer services, marketing, back office and collection
- A total of 228 headcounts have been centralised
  - Customer Service
  - Collections
  - Back office

## KEY BENEFITS

- ✓ Optimisation of resources
- ✓ Harmonisation and standardisation of processes
- ✓ Coordination of tools
- ✓ Unified KPIs
- ✓ Cost reductions

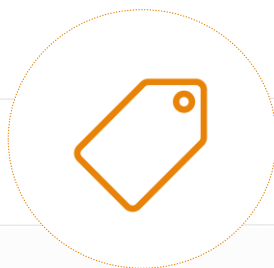


# Growth through partnerships



## Third party services and tech integration

- Ferratum Mobile Bank as the hub for an ecosystem of services
- A compelling route to market for partners offering innovative services via Mobile
- API-based widget to deliver tailor-made partner services
- Focus on integrations to deliver increased engagement and revenues



## White labelling

- Bespoke financial service customer engagement solutions for consumer facing businesses, e.g. travel, utility, entertainment
- Large addressable markets for future growth



## Partnering with local banks

- Ferratum partners with local banks across international markets
- Delivering plug-and-play solutions for banks around the world to expedite transition to modern mobile banking
- Franchising business model
- Leveraging local partners' brand and customer base

Scalable mobile banking platform offers exciting benefits for Ferratum, partners and customers

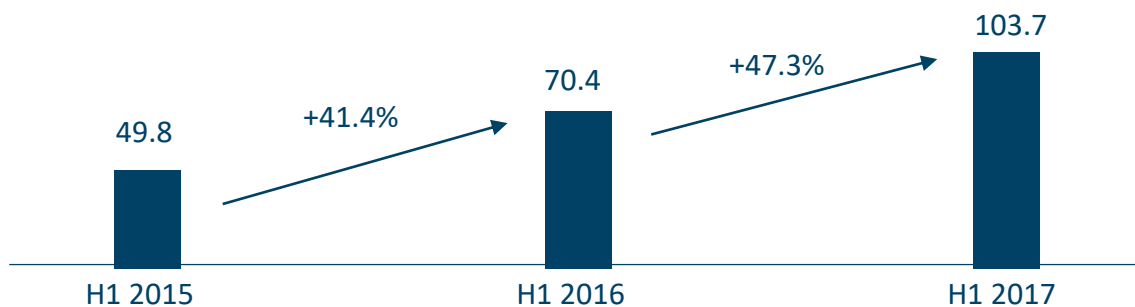


# 02

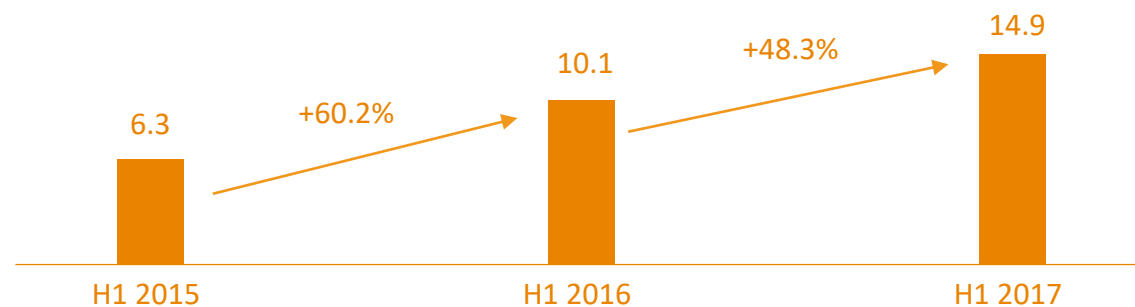
Financial Highlights  
Clemens Krause, CFO

# Growth momentum continuing in 2017

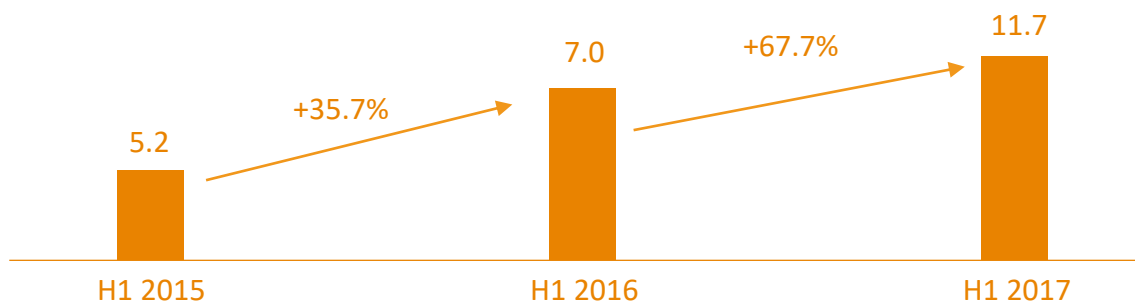
Revenue (EUR million)



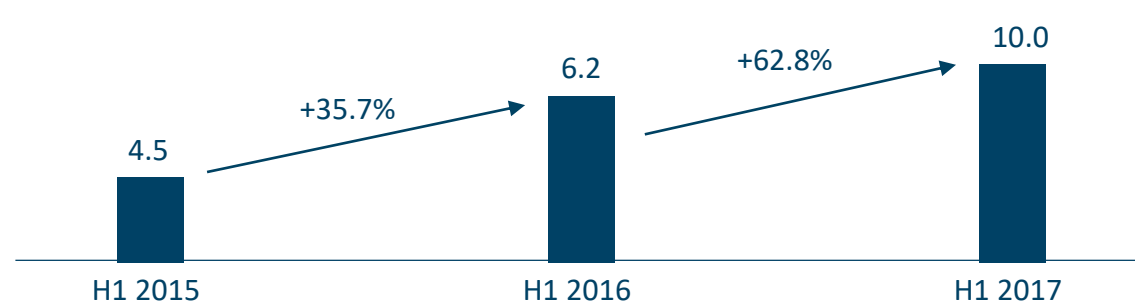
Operating profit – EBIT (EUR million)



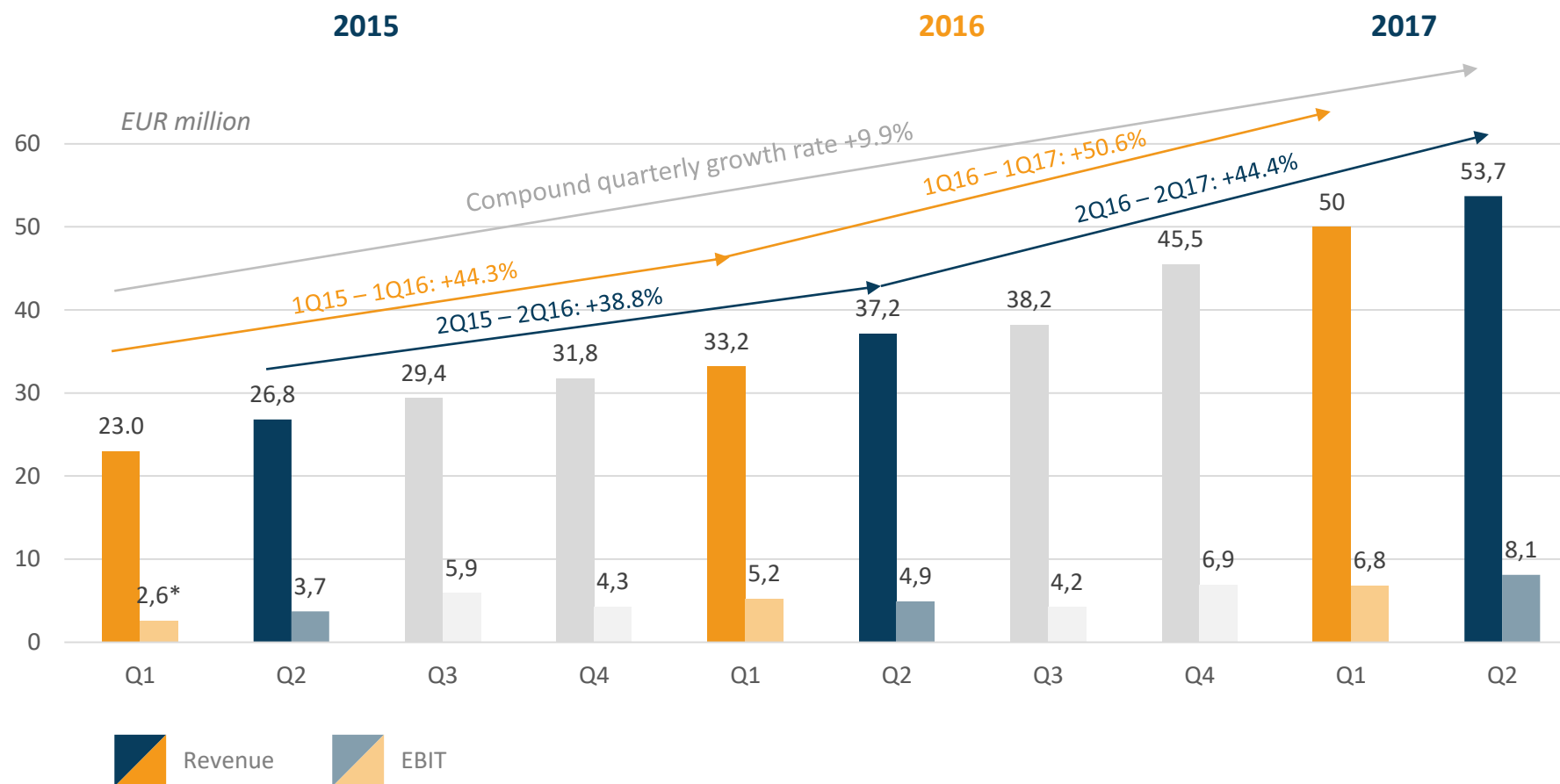
Profit before tax – EBT (EUR million)



Profit for the period – EAT (EUR million)



# Steady quarterly revenue growth and profitability momentum

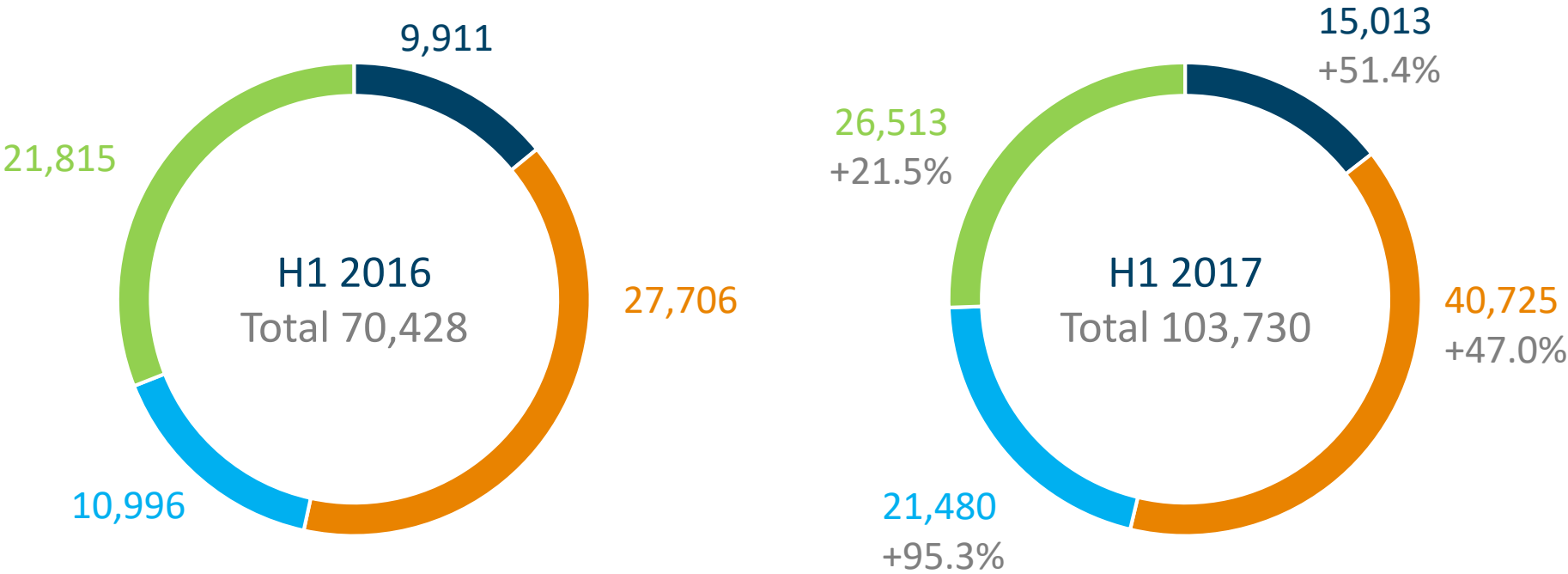


\* Including IPO related costs in the amount of EUR 488,941 recognised as operating expenses in Q1 2015



# Revenue growth supported by balanced regional growth

EUR '000



- Region 1 (Finland, Sweden, Denmark, Norway)
- Region 2 (Netherlands, UK, New Zealand, Australia, Canada)
- Region 3 (Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Russia)
- Region 4 (Bulgaria, Romania, Croatia, Spain, Germany, France, Mexico, Brazil)

# Strong y-o-y revenue performance; profit before tax (EBT) up over 60%

EUR '000

	H1 2017	H1 2016	% Change
Revenue	103,730	70,428	+47.3%
Other income	20	16	+25.0%
Impairment of loans	(35,899)	(22,374)	+60.5%
Operating expenses	(52,909)	(37,994)	+39.3%
Selling & marketing expenses	(15,872)	(13,439)	+18.1%
<b>EBIT</b>	<b>14,942</b>	<b>10,075</b>	<b>+48.3%</b>
Net financial costs	(3,179)	(3,061)	+3.9%
<b>EBT</b>	<b>11,763</b>	<b>7,014</b>	<b>+67.7%</b>
Income tax	(1,761)	(842)	+109.2%
<b>Net profit</b>	<b>10,002</b>	<b>6,172</b>	<b>+62.8%</b>
Earning per share, basic (EUR)	0.46	0.29	+62.8%
Earning per share, diluted (EUR)	0.46	0.29	+62.8%

- Impairments in line with management expectations
  - *Increased impairment ratio affected by free Microloans where impairments are booked but revenues remain at zero*
- Improved marketing efficiency offsetting cost of microloan campaign
- EBT growing more than EBIT due to FX gains in H1 2017 (+369k) vs losses in H1 2016 (-741k)

# Success of Credit Limit and PlusLoan validating portfolio strategy

EUR '000

	Microloan		PlusLoan		Credit Limit		SME		Other*		Total	
	H1 2017**	H1 2016	H1 2017**	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Revenue	21,995	26,926	28,446	12,863	47,720	29,239	5,518	1,314	52	87	103,730	70,428
Impairments	(11,937)	(10,447)	(10,655)	(4,235)	(11,806)	(7,262)	(1,238)	(318)	(263)	(113)	(35,899)	(22,374)
As % of Revenue	54.3%	38.8%	37.4%	32.9%	24.7%	24.8%	22.4%	24.2%			34.6%	31.8%
Marketing	(1,308)	(2,858)	(4,484)	(3,065)	(8,552)	(6,359)	(1,375)	(646)	(154)	(510)	(15,872)	(13,439)
As % of Revenue	5.9%	10.6%	15.7%	23.8%	17.9%	21.7%	24.9%	49.1%			15.8%	19.1%
Attributable Product Margin	8,750	13,620	13,308	5,563	27,362	15,618	2,904	350	(364)	(536)	51,960	36,614
As % of Revenue	39.8%	50.6%	46.8%	43.2%	57.3%	53.4%	52.6%	26.6			50.0%	52.0%
Total Non-directly Attributable costs	(7,289)	(8,707)	(9,426)	(4,159)	(15,813)	(9,454)	(1,828)	(425)	(2,661)	(1,795)	(37,018)	(24,450)
Operating Profit	1,461	4,914	3,881	1,404	11,549	6,164	1,076	(75)	(3,026)	(2,331)	14,942	10,075
Gross Product Margin, %	6.6%	18.3%	13.6%	10.9%	24.2%	21.1%	19.5%	5.7%			14.4%	14.3%
Finance costs, net	(550)	(702)	(1,023)	(816)	(1,820)	(1,385)	(418)	(148)	(6)	(11)	(3,179)	(3,061)
Net Profit	911	4,212	2,859	587	9,729	4,779	658	(223)	(3,032)	(2,342)	11,763	7,014
As % of Revenue	4.1%	15.6%	10.1%	4.6%	20.4%	16.3%	11.9%	N/A	N/A	N/A	11.3%	10.0%

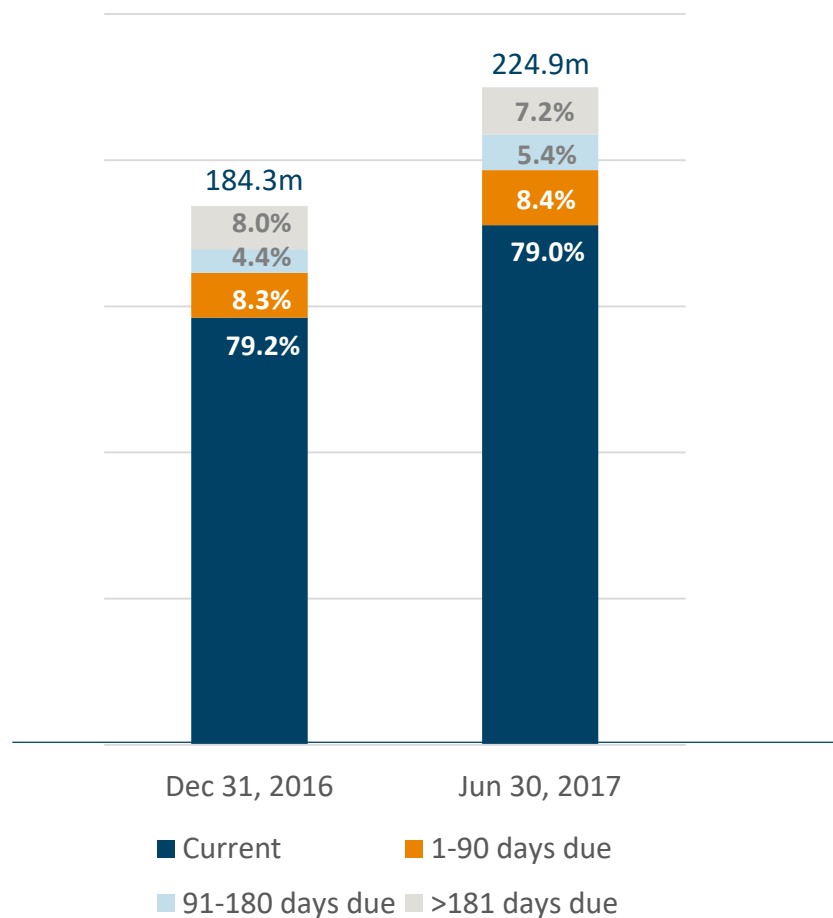
\*incl. Mobile Bank, FerBuy, Primeloan and Ferratum P2P

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



# Portfolio quality further improved

Portfolio NBV (EUR million)



EUR '000	GBV	Impairments	NBV	Coverage ratio (%)
Dec. 31, 2016				
Current	153,394	(7,309)	146,085	4.8
1-90 days due	20,683	(5,359)	15,324	25.9
91-180 days due	14,736	(6,597)	8,139	44.8
>181 days due	58,197	(43,400)	14,797	74.6
<b>Total</b>	<b>247,010</b>	<b>(62,664)</b>	<b>184,346</b>	<b>25.4</b>

EUR '000	GBV	Impairments	NBV	Coverage ratio (%)
Jun. 30, 2017				
Current	186,547	(8,836)	177,712	4.7
1-90 days due	25,742	(6,869)	18,847	26.7
91-180 days due	21,790	(9,620)	12,170	44.4
>181 days due	69,954	(48,770)	16,184	75.1
<b>Total</b>	<b>299,034</b>	<b>(74,095)</b>	<b>224,939</b>	<b>24.8</b>

# Solid balance sheet structure: high cash level driven by deposit growth

EUR '000	30 Jun 2017	31 Dec 2016
<b>Assets</b>		
Non-current assets	32,739	30,426
Accounts receivable – consumer loans (net)	224,939	184,346
Other receivables	7,255	7,298
Income tax assets	486	555
Cash and cash equivalents	79,397	73,059
<b>Total Assets</b>	<b>344,816</b>	<b>295,683</b>

EUR '000	30 Jun 2017	31 Dec 2016
<b>Equity and liabilities</b>		
Equity	95,675	87,875
Non-current liabilities	88,917	72,246
Current liabilities	160,224	135,563
of which deposits	121,157	101,436
<b>Total Equity &amp; Liabilities</b>	<b>344,816</b>	<b>295,683</b>
<b>Net debt to equity ratio</b>	<b>1.77</b>	<b>1.53</b>

- Accounts receivable growth in line with plans
- Deposit volume according to expectations and positive for further growth in lending business in 2017
- Replacement of bond expiring in January 2017 (WKN: A1Z4JU) with new EUR 25 million bond (WKN: A189MG). The new EUR 25 million bond was issued in December causing higher balance sheet volume over year end
- Strategy 2017 is to use current high liquidity for growth of credit portfolio, i.e. only moderately grow balance sheet volume

# Operating cash flow slightly negative due to reduced inflow of deposits

EUR '000

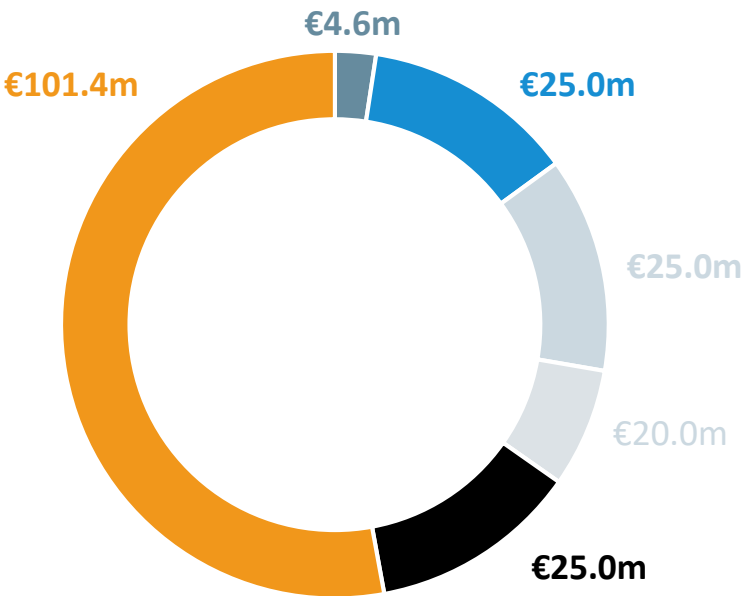
Assets	H1 2017	H1 2016
Net cash from operating activities before movements in portfolio and deposits	51,605	32,009
Net cash from operating activities	(5,165)	8,826
Net cash used in investing activities	(4,164)	(4,229)
Net cash used in financing activities	14,653	18,439
Net increase/decrease in cash equivalents	5,323	23,036
Cash and cash equivalents at the end of the period	79,397	39,403

- Net cash from operating activities before movements in portfolio and deposits shows strong cash surplus from core business

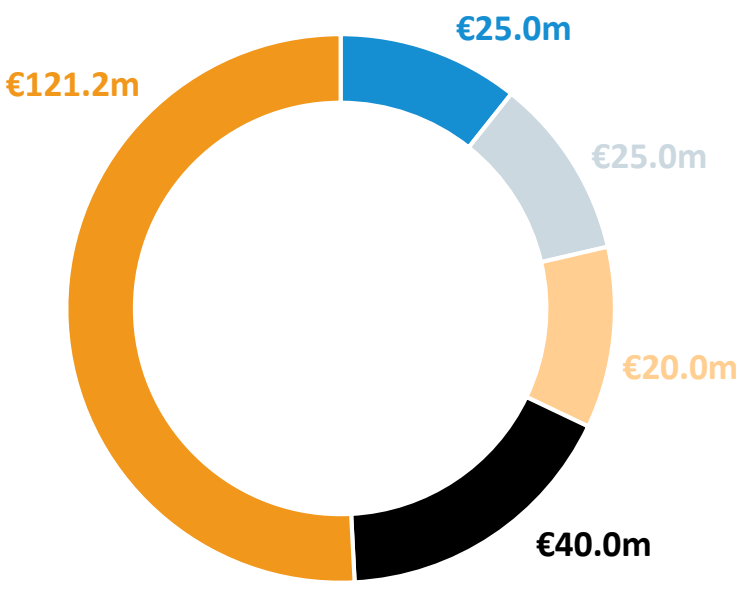


# Cost of capital

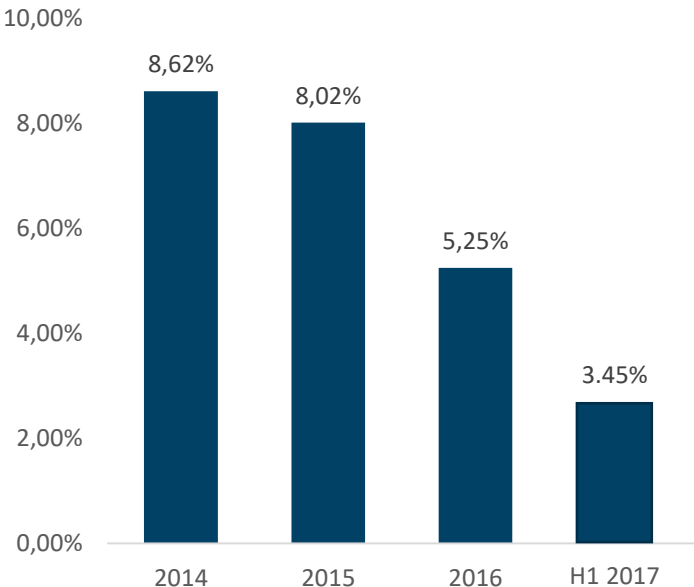
Financing Mix 2016



Financing Mix Q2 2017

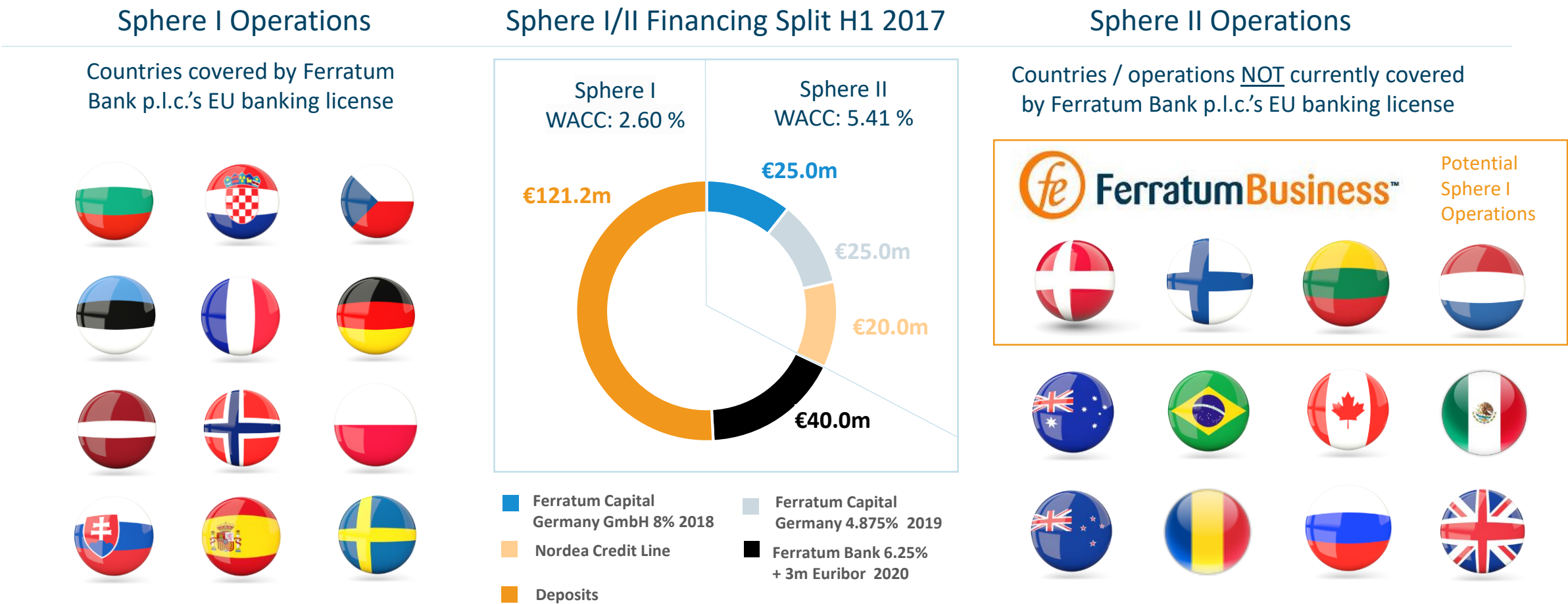


Weighted average cost of funding



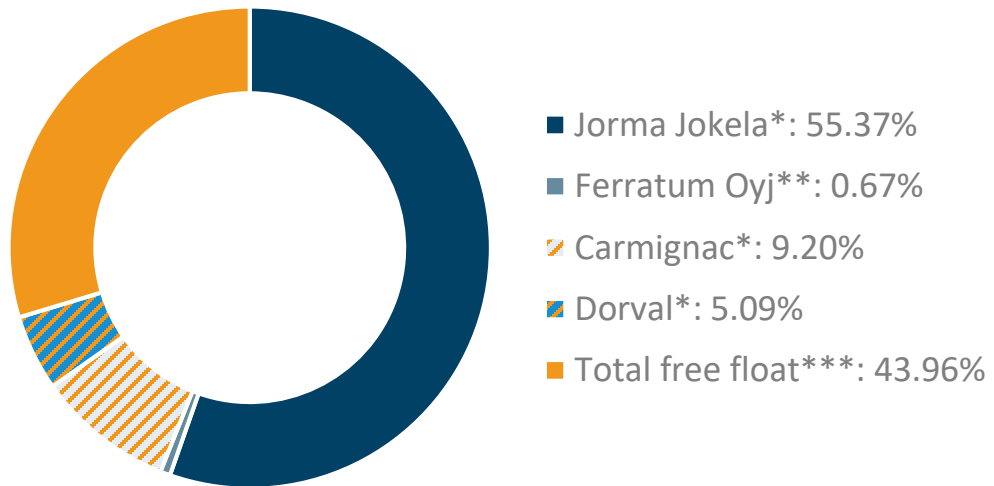
- Ferratum Capital Germany GmbH 8% 2018
- Ferratum Bank 4.9% 2017
- Nordea Credit Line
- Deposits
- Ferratum Capital Germany 4.875% 2019
- Ferratum Bank 6.25% + 3m Euribor 2020
- Ferratum Capital Poland B2 6.5% + 6m Wibor 2017

# Scope to further improve cost of capital over time



# Shareholder information

## Shareholder structure



\* Shareholders holding above 5% of the shares based on the latest shareholder notifications received

\*\* Treasury shares

\*\*\* Total free float includes shares held by Carmignac and Dorval as well as shares held by employees and management

## Financial Calendar

Date	Event
16 November 2017	Report for the first nine months of 2017
27-29 November 2017	German Equity Forum

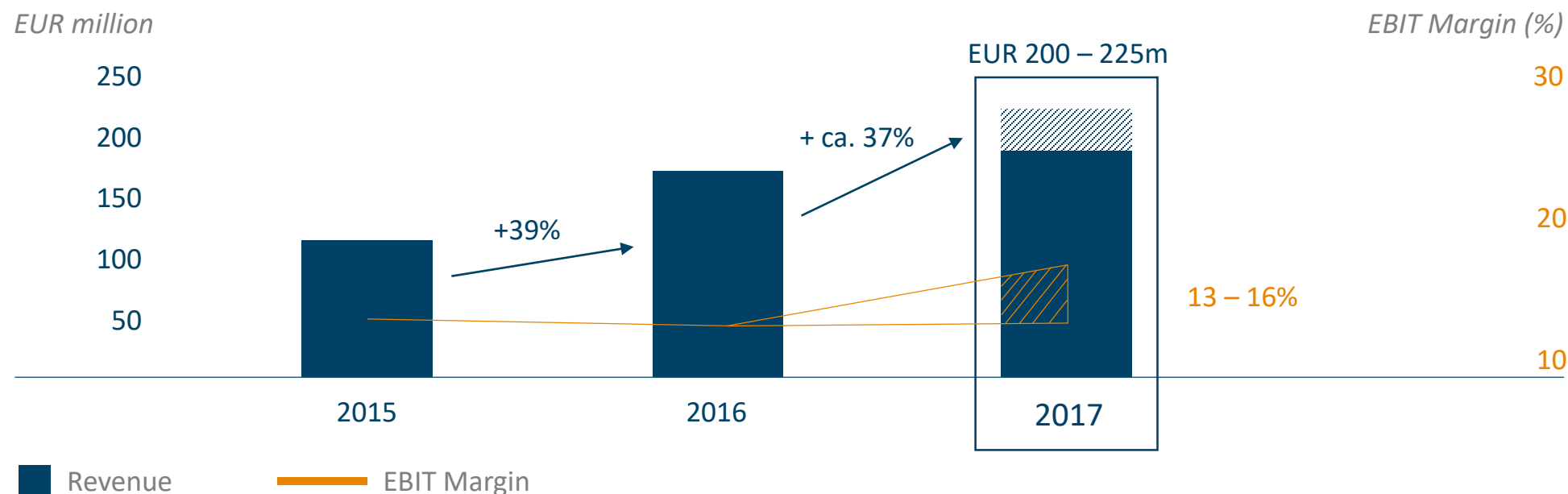


# 03

Outlook

# 2017 outlook

- Strong progress on all fronts – revenue growth, profitability, portfolio growth
- Well funded balance sheet supported by deposit growth
- Country and product diversification continues, with strategically important entry into Brazil, launch of Primeloan in Finland, and Mobile Bank roll-out in France and Spain
- Focus on new partnerships and further Mobile Bank enhancements in H2
- 2017 fiscal guidance reiterated





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# Contacts

## Investor Relations

### Dr. Clemens Krause

Chief Financial Officer

Telephone: +49 (0) 30 88715308

Fax: +49 (0) 30 88715309

e-Mail: [clemens.krause@ferratum.com](mailto:clemens.krause@ferratum.com)

### Paul Wasastjerna

Head of Investor Relations

Telephone: +358 (0) 40 7248247

Fax: +358 (0) 20 741 1614

e-Mail: [paul.wasastjerna@ferratum.com](mailto:paul.wasastjerna@ferratum.com)

## Headquarters

### Ferratum Group

Ratamestarinkatu 11 A

00520 Helsinki, Finland

Telephone: +358 20 741 1611

Fax: +358 20 741 1612

# Thank You Kiitos Paljon Vielen Dank

