



# Express Credit

INVESTOR PRESENTATION 2018Q4 RESULTS

February, 2019





## DISCLAIMER



This presentation is of selective nature and is made to provide an overview of the Company's (SIA "ExpressCredit" and its subsidiaries) business, based on 2018Q4 results.



Unless stated otherwise, this presentation shows information from consolidated perspective.



Facts and information used in this presentation might be subject to revision in the future. Any forward-looking information may subject of change as well.



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This presentation does not purport to contain all the information that investor may require in evaluating the Company. Investors should read publicly available information regarding the Company as well as the full prospectus describing a particular bonds issue.





3rd largest non bank consumer lender  
in Latvia\*

\*Based on reported annual revenue of licenced non-bank  
consumer lenders in 2016

#### BUSINESS PROFILE:



Pawn loans  
Consumer loans

#### BRANDS:

**Banknote**  
**VIZIA**

#### VALUES:



Simplicity



Accessibility



Respect



Progress

#### COMPANY:

86 branches

250 + employees

2.950.000 + loan issue  
transactions

EUR 206m + value of  
loans

#### KEY FINANCIALS:

EUR 20.2m net loan  
portfolio (2018Q4)

EUR 7.1m EBITDA  
(2018Q4)

EUR 11.0m value of  
issued loans (2018Q4)



2009

established as a  
pawn broking  
chain



2017

3rd largest non-  
bank consumer  
lender in Latvia



## HIGHLIGHTS

Increase of maximum consumer loan amount to 3000 EUR and loan term to 5 years.

Active participation in Alternative Financial Service Association of Latvia for information communication with respect to legislation initiatives.

Work on preparation with respect to changes in the Consumer rights protection law.



Loans issued, EURm



Loans portfolio in total, EURm



EBITDA, EURm





## MARKET OVERVIEW

Loan portfolio of Latvian non-bank lenders, 2018H1

Total consumer loan portfolio in the first six months of year 2018 has increased to EUR 255.3 million, which is increase of EUR 12.5 million or 5.1% over six months period.

ExpressCredit has been able to increase its loan portfolio by 18% over the same period.

**EUR 255m**

Consumer loans

**EUR 38m**

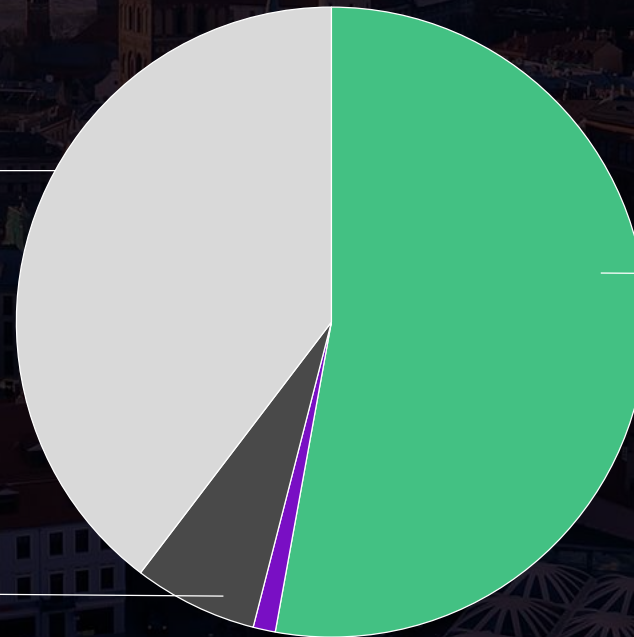
Mortgage

**EUR 356m**

Leasing, car title

**EUR 7m**

Pawn loans





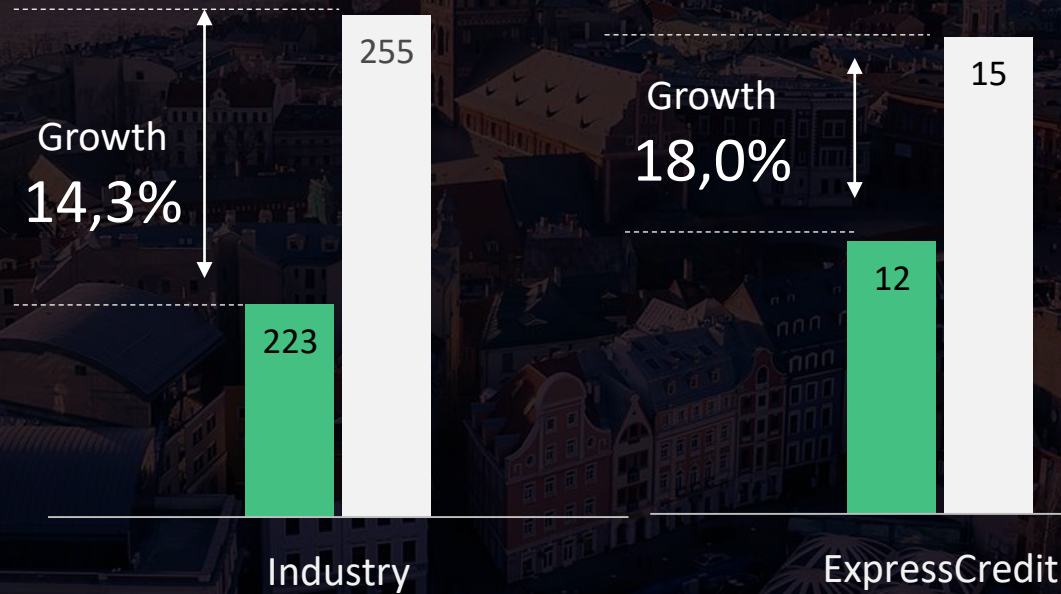
## MARKET OVERVIEW: CONSUMER LOANS

Fast growing segment.

ExpressCredit\* grows even faster,  
it has 5,7%\*\* market share.

2017H1, EURm

2018H1, EURm



\* Loan portfolio data based on SIA ExpressCredit standalone net consumer and pawn loan portfolio excl. accrued interest

\*\* Based on loan portfolio as at the end of 2018H1





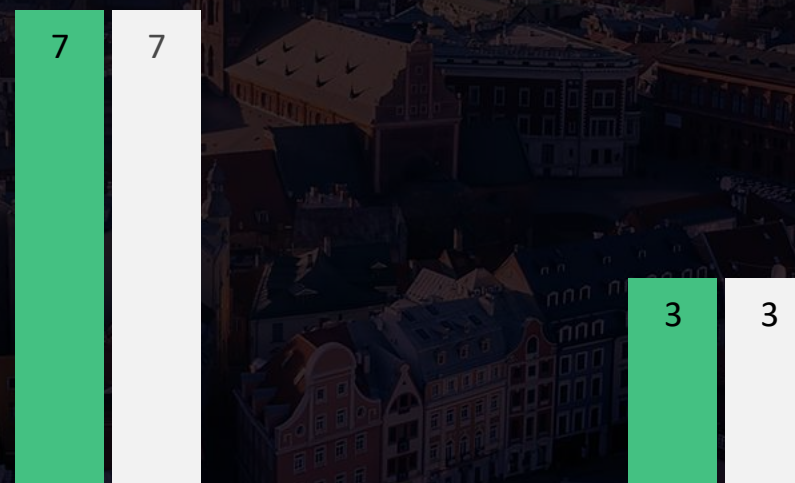
# MARKET OVERVIEW: PAWN LOANS

Stable segment.

ExpressCredit\* is the leading player with 46%\*\* market share.

2017H1, EURm

2018H1, EURm



Industry

ExpressCredit

\* Loan portfolio data based on SIA ExpressCredit standalone net consumer and pawn loan portfolio excl. accrued interest

\*\* Based on loan portfolio as at the end of 2018H1

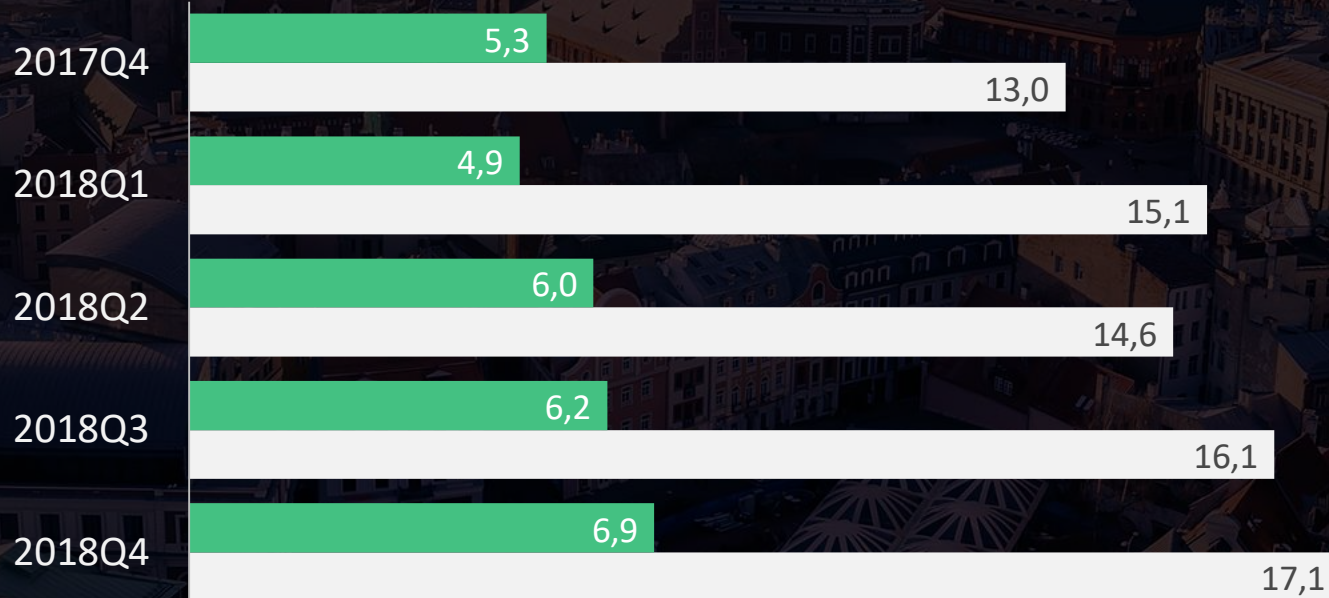


## CONSUMER LOANS

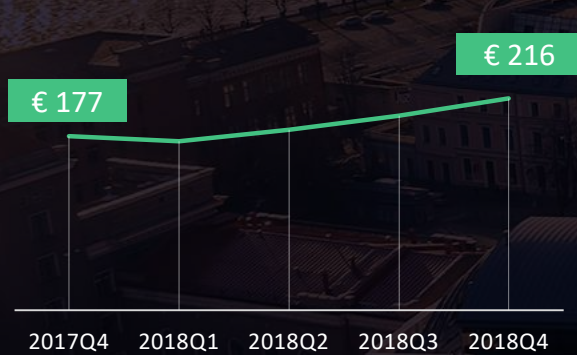
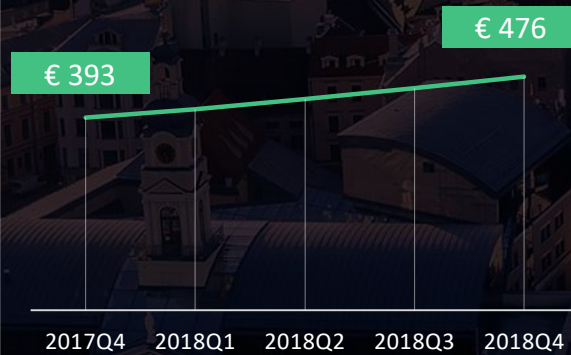
62% of loans issued by value in 2018Q4

LOANS ISSUED, EURm

NET LOAN PORTFOLIO, EURm





**Average loan tranche size per issue****Average loan size per customer****Weighed average term of loans issued****Non-performing loans ratio**

Result of changed approach towards NPL and improved cooperation with debt companies.



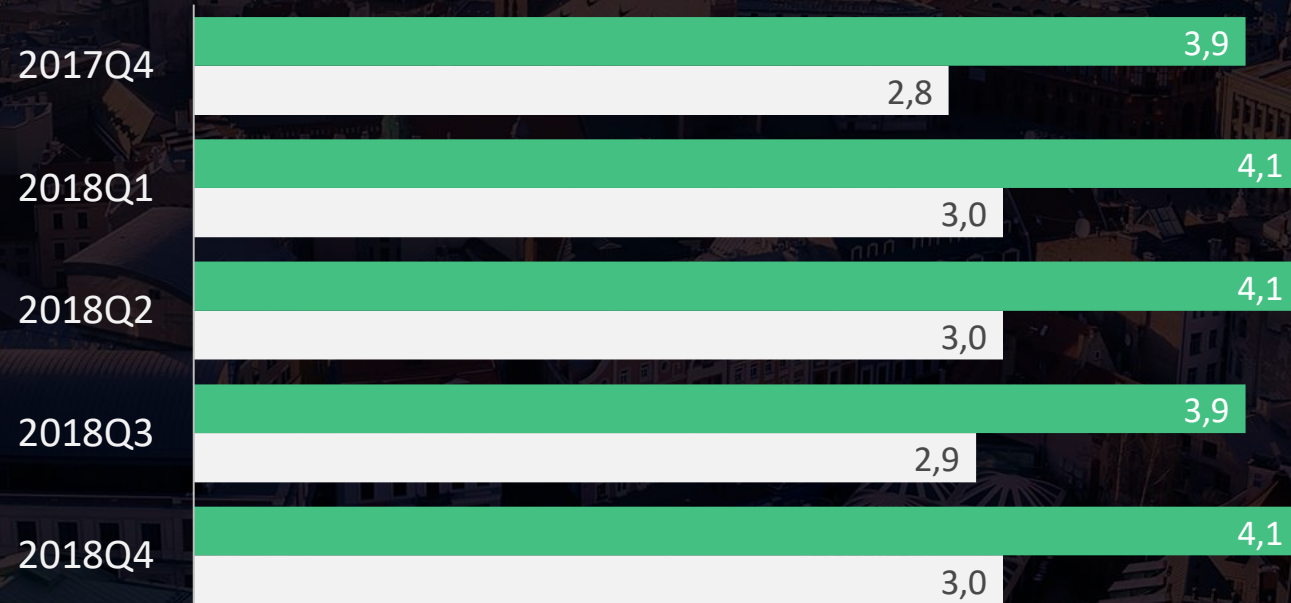
## PAWN LOANS

38% of loans issued by value in 2018Q4

LOANS ISSUED, EURm

NET LOAN PORTFOLIO, EURm\*

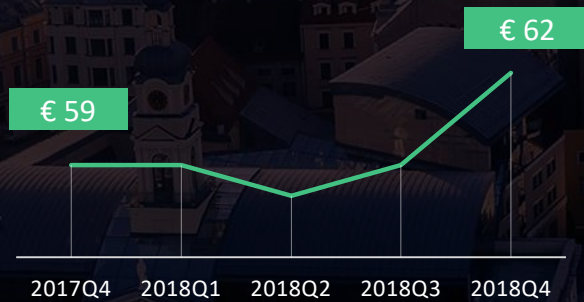
\* Includes car title loan and mortgage loan legacy portfolios



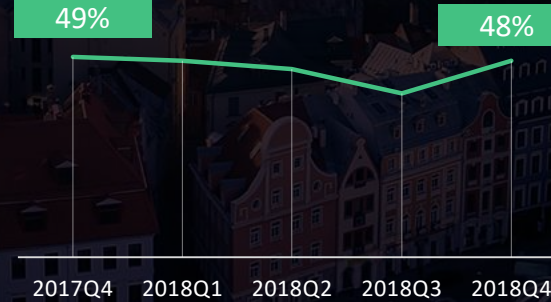


Stable customer base and stable performance of lombard operations.

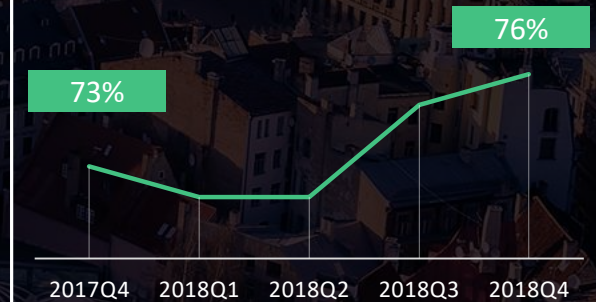
Average loan size per issue:



Pawn mark-up:



Redemption rate\*

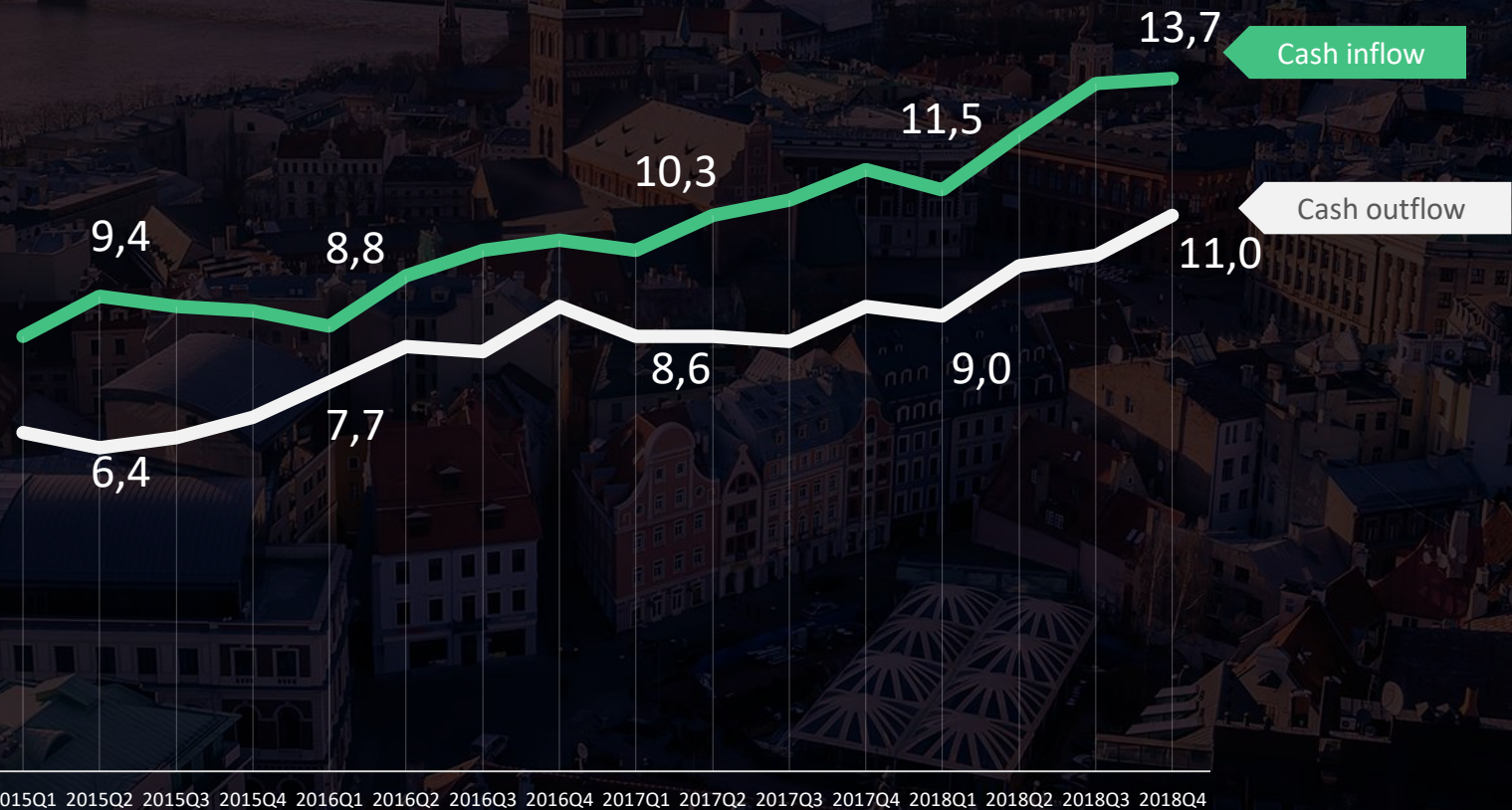


\* Items begin redeemed or extended within 3 months since issuance, by value of loans excl. item purchasing.

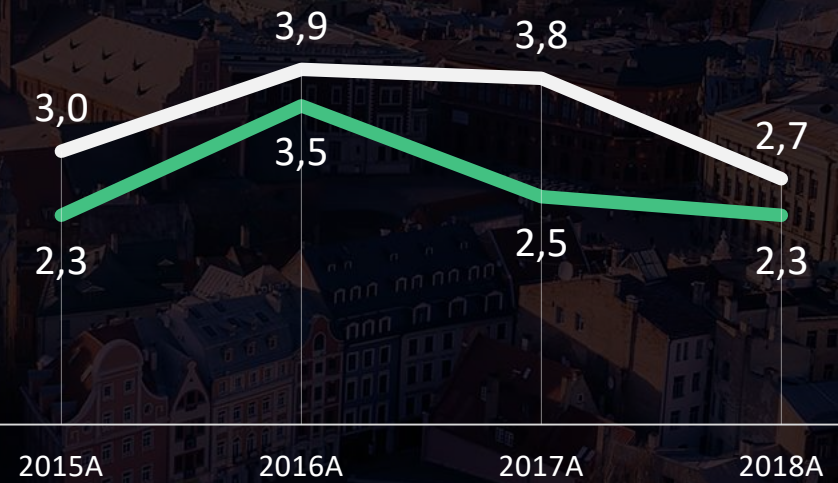
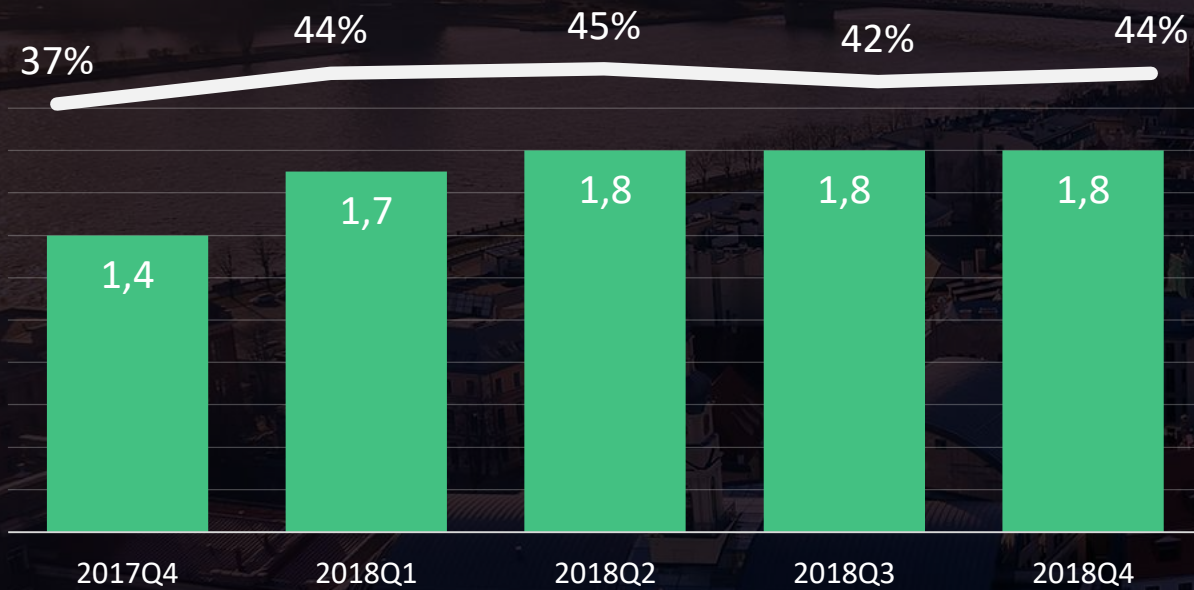


## KEY FINANCIALS

2018H2 was the best in the Group's history in terms of turnover and profitability.







EBITDA, EURm

EBITDA margin\*

Net Debt/EBITDA ratio

Net Debt/Equity ratio

\* Calculated as  $EBITDA / (Interest\ income + Gross\ profit\ from\ sale\ of\ foreclosed\ items)$





## KEY FINANCIALS: PROFITABILITY

New changes in corporate income tax has positive impact on profitability and financial ratios.

Income statement, EUR'000	2017Q4	2018Q4	%, y-o-y
Interest and similar income	13 863	14 664	5.8%
Gross profit from sale of goods**	1 414	1 527	8.0%
Gross profit	15 277	16 191	6.0%
Selling expense	-5 667	-5 873	3.6%
Administrative expense	-2 290	-2 771	21.0%
Net other income / (expense)	-1 845	-565	-69.4%
EBITDA	5 626	7 194	27.9%
Depreciation	-150	-212	41.4%
Interest and similar expense	-1 823	-2 298	26.1%
Taxes	-700	-132	-81.1%
<b>NET PROFIT BEFORE DIVIDENDS</b>	<b>2 953</b>	<b>4 552</b>	<b>54.1%</b>
Interim dividends	-997	-490	-50.8%
<b>NET PROFIT</b>	<b>1 957</b>	<b>4 062</b>	<b>107.6%</b>

\* Part of interest income reclassified as gross profit from sale of foreclosed items for comparability with historic data.

\*\* Sale of foreclosed items.





## KEY FINANCIALS: BALANCE

Balance sheet, EUR'000	2017Q4	2018Q4	%, y-o-y
Fixed and intangible assets	601	603	0.3%
Loans to related parties	1 302	1 277	-1.9%
Net loan portfolio	15 844	20 151	27.2%
Inventory and scrap	683	906	32.7%
Other assets	667	244	-63.4%
Cash	2 220	3 489	57.2%
<b>TOTAL ASSETS</b>	<b>21 317</b>	<b>26 670</b>	<b>25.1%</b>
Share capital and reserves	1 500	1 500	0.0%
Retained earnings	232	398	71.6%
Profit/loss for the current year	1 957	4 062	107.6%
Equity	3 689	5 960	61.6%
Interes-bearing debt	16 346	19 555	19.6%
Trade payables and other liabilities	1 282	1 155	-9.9%
Liabilities	17 628	20 710	17.5%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21 317</b>	<b>26 670</b>	<b>25.1%</b>



## FINANCING STRUCTURE

Diversified financing structure with established investor demand.

Interest-bearing debt	2017Q4, EUR'000*	2018Q4, EUR'000*	Interest rate, %	Maturity
Secured bonds	1 000	0		
Unsecured bonds	3 490	3 411	15.00%	2020.12
Unsecured notes	3 573	4 496	14.00%	2021.10
Peer-to-peer lending platform	8 105	11 492	11%-13.5%	According to issued loans
Leases	175	148	Euribor + 3,5%	Up to 3 years
Accrued interest and bonds commissions	4	8		
<b>TOTAL</b>	<b>16 347</b>	<b>19 555</b>		

\* As at the end of the period.





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