



# ExpressCredit

INVESTOR PRESENTATION 2019Q1 RESULTS

May, 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 2019 Q1 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 be subject to change as well.
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## DEFINITIONS FOR ALTERNATIVE PERFORMANCE MEASURES\*

**EBITDA** - Earnings before interest, taxes, depreciation and amortization calculated as Net Income + Interest + Taxes + Depreciation + Amortization. Used as a measure of corporate performance as it shows earnings before the influence of accounting and financial deductions.

**EBITDA Margin** - Operating profitability as a percentage of its total revenue, calculated as EBITDA / (Interest income + Gross profit from sale of foreclosed items). Used as a profitability measure that is factoring out the effects of decisions related to financing and accounting.

**NET Profit Margin** - How much net profit is generated as a percentage of revenue, calculated as Net Profit / Revenue. Used as an indicator of a company's financial health.

**Net Debt** - How well a company can pay all of its debts if they were due immediately calculated as Short-term Debt + Long-term Debt - Cash and Cash Equivalents. Used as a liquidity measure to assess if a company will need additional funding.

**Interest-Bearing Debt** - liabilities that require the payment of interest, contains bonds, other loans, leasing liabilities etc. Interest-Bearing Debt has a priority over other debts.

The goal of alternative performance measures is to provide investors with performance measures that are widely used when making investment decisions and comparing the performance of different companies.

\* As stipulated by FCMC Regulations on Alternative Performance Measures





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 (cumulative)

**217 mEUR** + value of  
loans (cumulative)

## KEY FINANCIALS:

**20,8 mEUR** net loan  
portfolio (2019Q1)

**2,3 mEUR** EBITDA  
(2019Q1)

**10,6 mEUR** value of  
issued loans (2019Q1)



2009

established as a  
pawn broking  
chain



2017

3rd largest non-  
bank consumer  
lender in Latvia





## HIGHLIGHTS

ExpressCredit is the only non-bank lender included in the Gold level of the State Revenue Service for In-Depth Cooperation Programme (qualified on March 2019).

Maximum loan size increased to EUR 5000 for consumer loans.

BDO Assurance became the new audit partner.



Loans issued, mEUR



Loans portfolio in total, mEUR



EBITDA, mEUR



# MARKET OVERVIEW: PAWN LOANS

Pawn loan portfolio in EUR million in 2017H1 and 2018H1, Industry\* and ExpressCredit comparison.

In 2018H1 40% of all pawn loans issued in Latvia were issued by ExpressCredit.

The market share is growing y-o-y.



Amount of pawn loans issued in EUR million in 2017H1 and 2018H1, Industry\* and ExpressCredit comparison.



2017H1, mEUR

2018H1, mEUR

\* Source: Consumer Rights Protection Centre



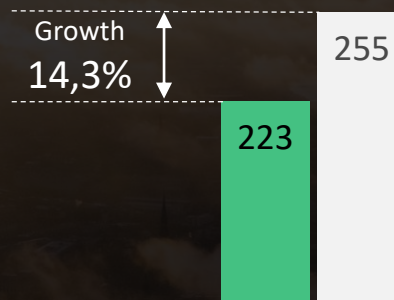
# MARKET OVERVIEW: CONSUMER LOANS

ExpressCredit\* grows faster than the industry, having 5,8%\*\* market share.

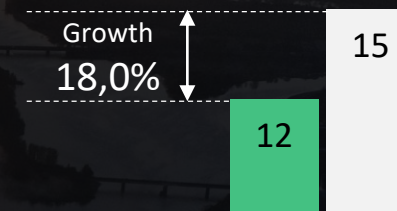
\* Loan portfolio data based on SIA ExpressCredit standalone net consumer loan portfolio excl. accrued interest.

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

Amount of consumer loans outstanding in EUR million as at 2017H1 and 2018H1, Industry\* and ExpressCredit comparison.

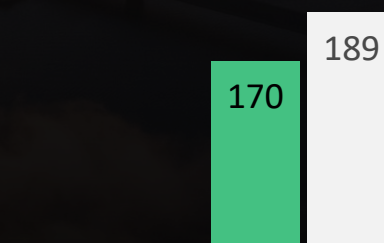


Industry

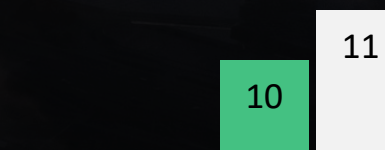


ExpressCredit

Amount of consumer loans issued in EUR million as at 2017H1 and 2018H1, Industry\* and ExpressCredit comparison.



Industry



ExpressCredit

2017H1, mEUR

2018H1, mEUR

## CONSUMER LOANS

59% of loans issued by value in 2019Q1

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO, mEUR

2018Q1

4,9

15,1

2018Q2

6,0

14,6

2018Q3

6,2

16,1

2018Q4

6,9

17,1

2019Q1

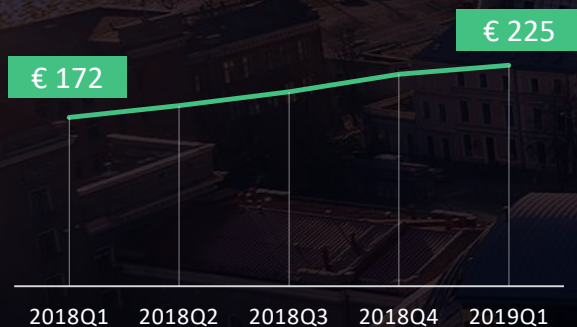
6,3

17,7

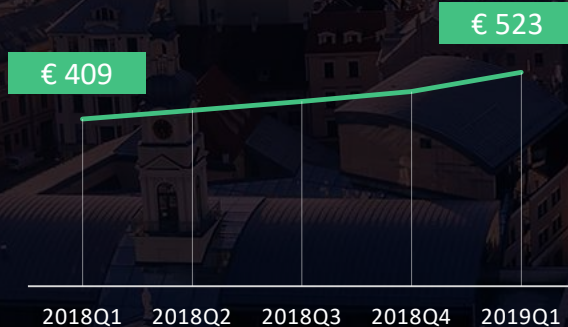




Average loan tranche  
size per issue



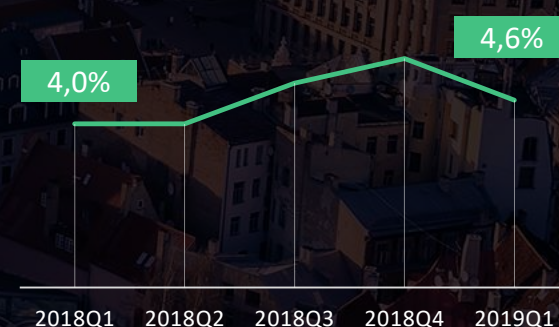
Average loan size per  
customer



Weighted average term  
of loans issued



Non-performing loans ratio



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



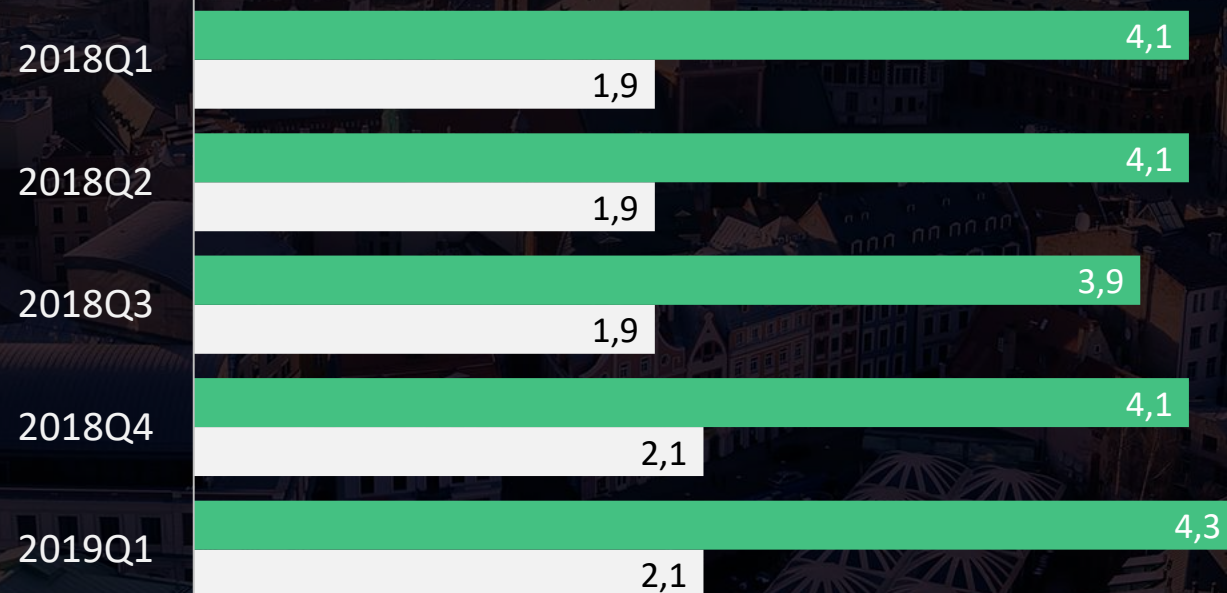
## PAWN LOANS

41% of loans issued by value in 2019Q1

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO, mEUR\*

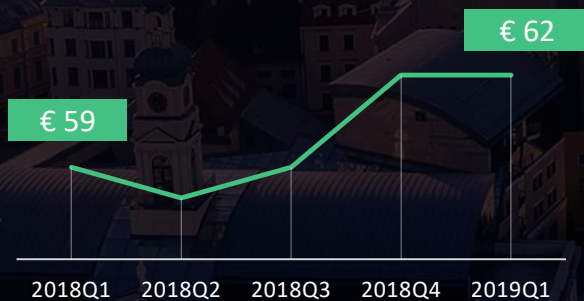
\* Includes car title loan and mortgage loan legacy portfolios





Stable customer base and stable performance of pawnshop operations.

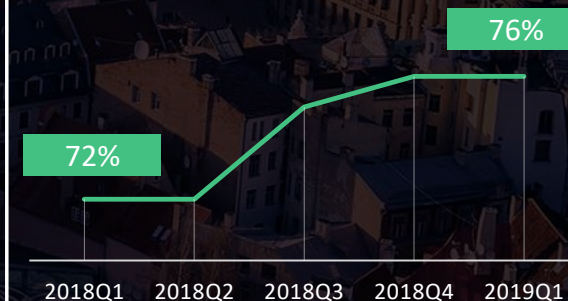
Average loan size per issue:



Pawn mark-up:



Redemption rate\*

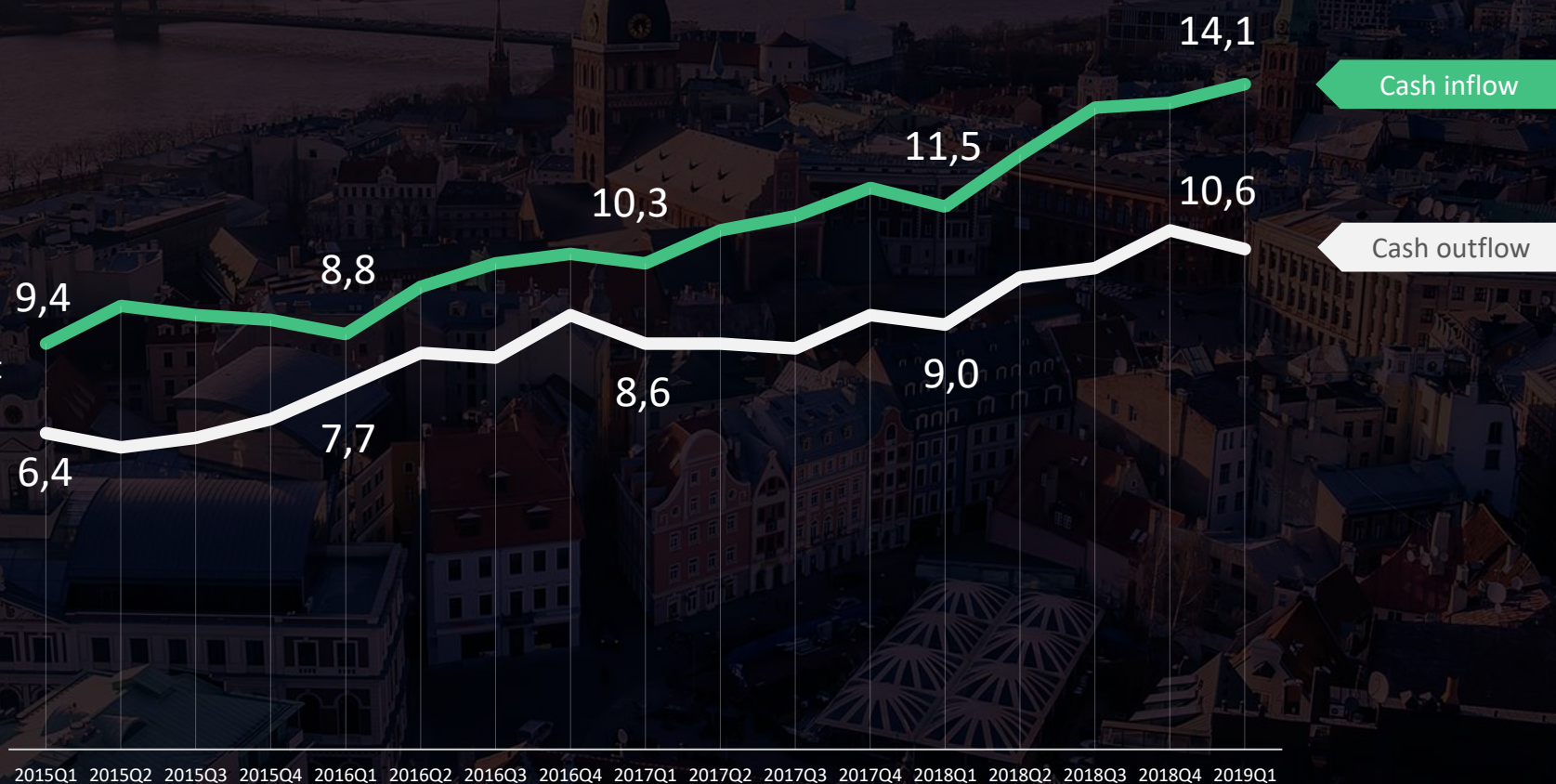


\* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.

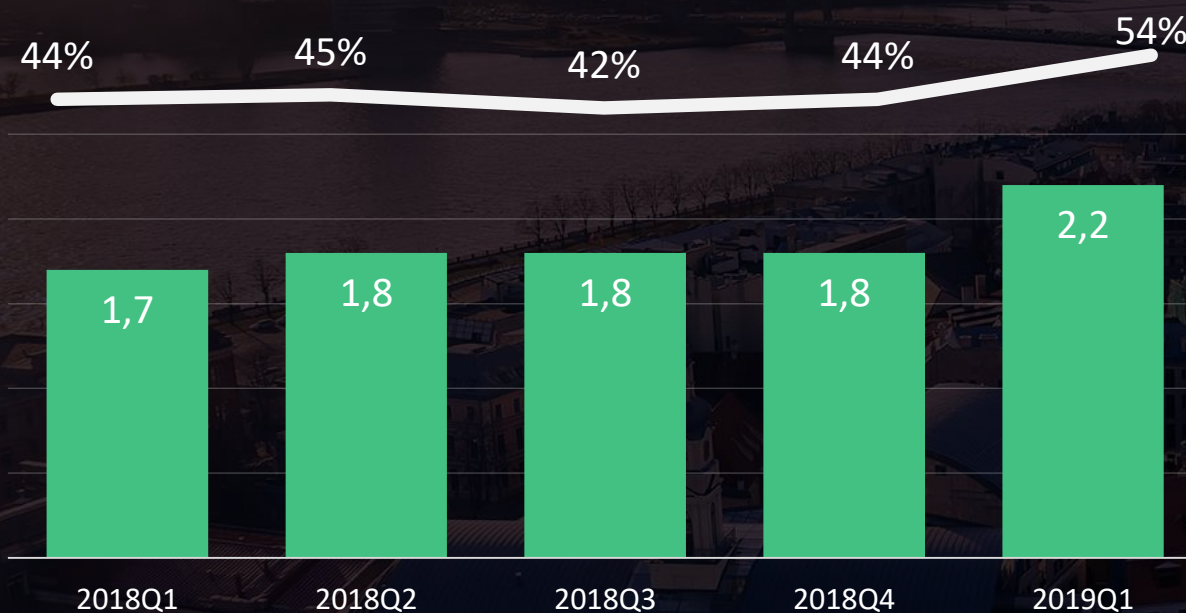


## KEY FINANCIALS

2019Q1 continues the Group's track of record high turnover and profitability that was reached in 2018H2.

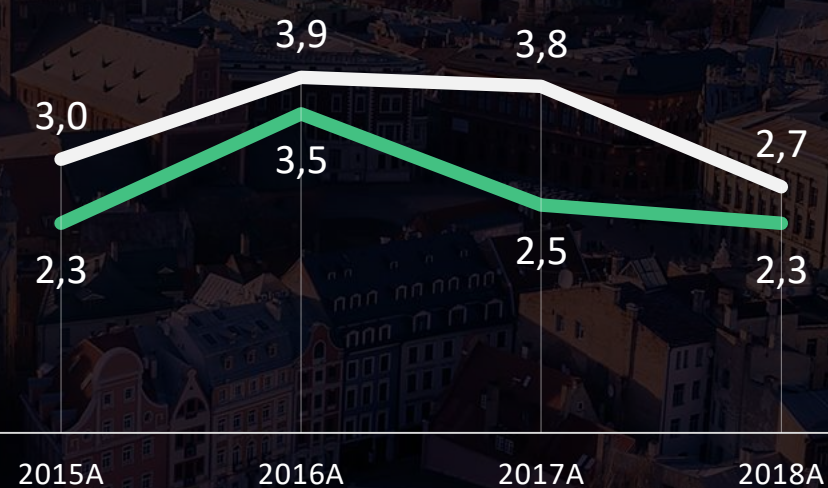






EBITDA, mEUR

EBITDA margin



Net Debt/EBITDA ratio

Net Debt/Equity ratio





## KEY FINANCIALS: PROFITABILITY

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

Income statement, EUR'000	2018Q1	2019Q1	%, y-o-y
Interest and similar income	3 542	3 690	4%
Gross profit from sale of goods*	335	400	19%
<b>Gross profit</b>	<b>3 877</b>	<b>4 090</b>	<b>5%</b>
Selling expense	-1 440	-1 101	-23%
Administrative expense	-605	-707	17%
Net other income / (expense)	-135	-22	-84%
<b>EBITDA</b>	<b>1 697</b>	<b>2 260</b>	<b>33%</b>
Depreciation	-53	-29	-45%
Interest and similar expense	-549	-881	60%
Taxes	0	0	0%
<b>Adjusted** NET PROFIT</b>	<b>1 095</b>	<b>1 350</b>	<b>23%</b>

\* Sale of foreclosed items.

\*\* Adjusted in 2019Q1 for changes in tax legislation for comparability with historic data.





## KEY FINANCIALS: BALANCE

During 2019Q1 shareholders decided to pay out dividends in the amount of 1,5 mio EUR

Balance sheet , EUR'000	2018Q4	2019Q1	%, q-o-q
Fixed and intangible assets	603	652	8%
Loans to related parties	1 072	1 081	1%
Net loan portfolio	20 151	20 761	3%
Inventory and scrap	901	1 111	23%
Other assets	454	554	22%
Cash	3 489	2 686	-23%
<b>TOTAL ASSETS</b>	<b>26 670</b>	<b>26 845</b>	<b>1%</b>
Share capital and reserves	1 500	1500	0%
Retained earnings	398	2 616*	657%
Profit/loss for the current year	4 062	1 350*	-67%
<b>Equity</b>	<b>5 960</b>	<b>5 466</b>	<b>-8%</b>
Interest-bearing debt	19 556	20 042	2%
Trade payables and other liabilities	1 154	1 338	16%
<b>Liabilities</b>	<b>20 710</b>	<b>21 379</b>	<b>3%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26 670</b>	<b>26 845</b>	<b>1%</b>

\* Adjusted in 2019Q1 for changes in tax legislation for comparability with historic data.





## FINANCING STRUCTURE

Diversified financing structure with established investor demand.

In March 2019, ExpressCredit decreased the nominal value of the bonds issue ISIN LV0000801322 for EUR 437 500 thus marking the start of quarterly repayments of the principal.

Interest-bearing debt	2018Q4, EUR'000*	2019Q1, EUR'000*	Interest rate, %	Maturity
Unsecured bonds	3 411	3 063	15,0%	2022/12
Unsecured notes	4 496	4 996	14,0%	2021/10
Peer-to-peer lending platform	11 492	10 821	11% - 13,5%	According to issued loans
Leases	149	135	EURIBOR+ 3,5%	Up to 3 years
Accrued interest and bonds commissions	8	5		
TOTAL	19 555	19 021		

\* As at the end of the period.





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