



# ExpressCredit

INVESTOR PRESENTATION 2019Q2 RESULTS

August, 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 Q2 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.
- ◆ This presentation is not a legally binding document and the Company has no liability for any direct or indirect loss from the use of this presentation.
- ◆ This presentation does not intend to contain all the information that investors 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.

## 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 licensed non-bank  
consumer lenders in 2017

## BUSINESS PROFILE:



Pawn loans  
Consumer loans

## BRANDS:

**Banknote**  
**VIZIA**

## VALUES:



Simplicity



Accessibility



Respect



Progress

## GROUP:

**87** branches

**270+** employees

**3 199 000+** loan issue  
transactions (cumulative)

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

## KEY FINANCIALS:

**26.6 mEUR** net loan  
portfolio (2019Q2)

**3.7 mEUR** EBITDA  
(2019Q2 cumulative)

**12.5 mEUR** value of  
issued loans (2019Q2)



2009

established as a  
pawn broking  
chain



2017

3rd largest non-  
bank consumer  
lender in Latvia



## HIGHLIGHTS

In 2019Q2, Group has increased issuance level by 25% compared to 2018Q2.

Weighted average loan term has increased to record 608 days.

Preparation for changes in legislation effective as of 01/07/2019 successfully completed.



Loans issued, mEUR



Loans portfolio in total, mEUR



EBITDA, mEUR

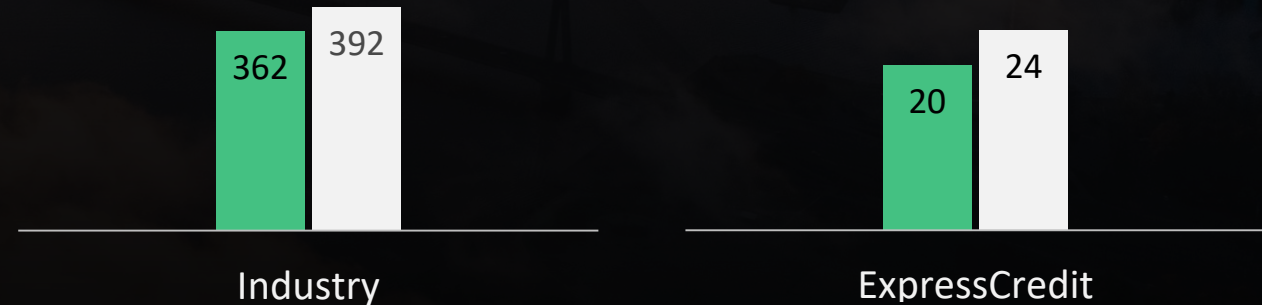
# MARKET OVERVIEW: CONSUMER LOANS

Consumer loan portfolio in EUR million as at 2017 and 2018, Industry\* and ExpressCredit group comparison.

ExpressCredit\* grows faster than the industry, having 6%\*\* market share.



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



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

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

2017, mEUR

2018, mEUR

\*Source: Consumer Rights Protection Centre



# MARKET OVERVIEW: PAWN LOANS

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

In 2018 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 2017 and 2018,  
Industry\* and ExpressCredit comparison.



2017, mEUR

2018, mEUR

\* Source: Consumer Rights Protection Centre





## CONSUMER LOANS

65% of loans issued by value in 2019Q2

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO\*, mEUR

\* Loan portfolio data based on ExpressCredit group net consumer loan portfolio incl. accrued interest.

2018Q2

6.0

14.6

2018Q3

6.2

16.1

2018Q4

6.9

17.1

2019Q1

6.3

17.7

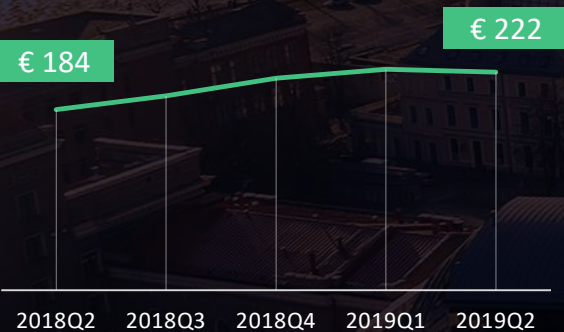
2019Q2

8.2

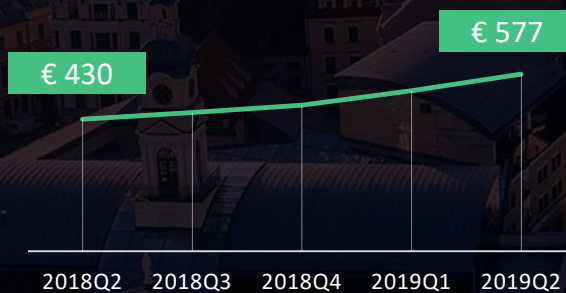
23.5



Average loan tranche  
size per issue



Average loan size per  
customer



Weighted average term  
of loans issued



Non-performing loans ratio







## PAWN LOANS

35% of loans issued by value in 2019Q2

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO, mEUR\*

\* Includes car title loan and mortgage loan legacy portfolios

2018Q2

1.9

4.1

2018Q3

1.9

3.9

2018Q4

2.1

4.1

2019Q1

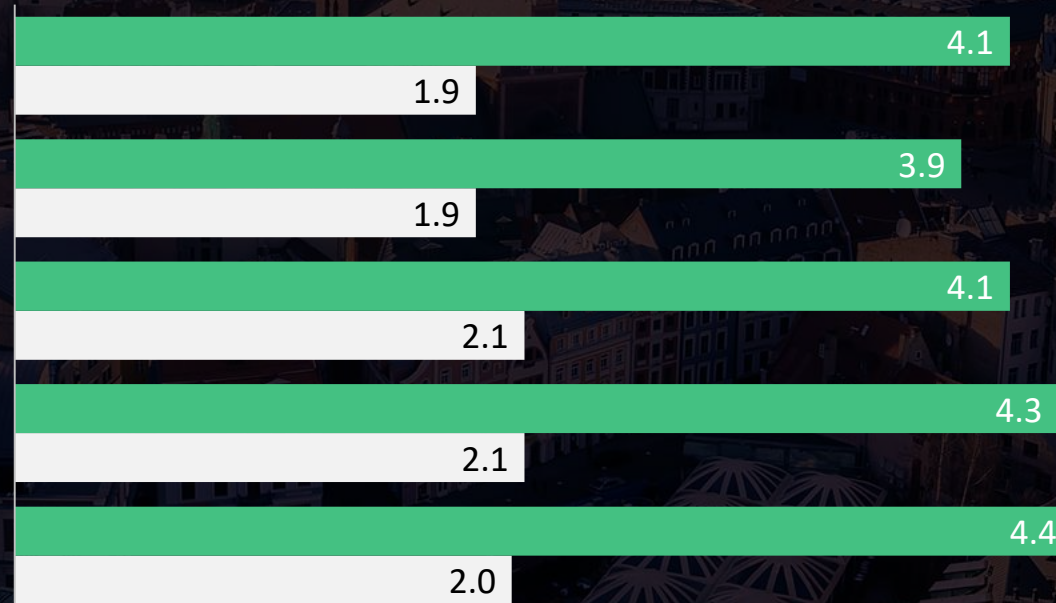
2.1

4.3

2019Q2

2.0

4.4



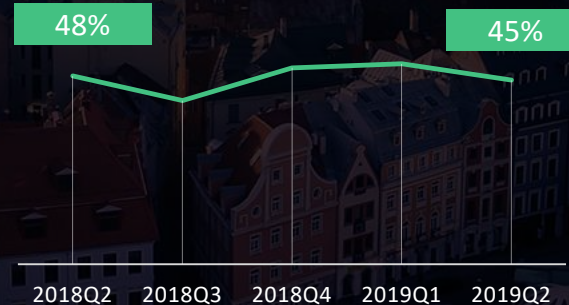


Stable customer base and  
stable performance of  
pawnshop operations.

Average loan size  
per issue:



Pawn mark-up:



Redemption rate\*



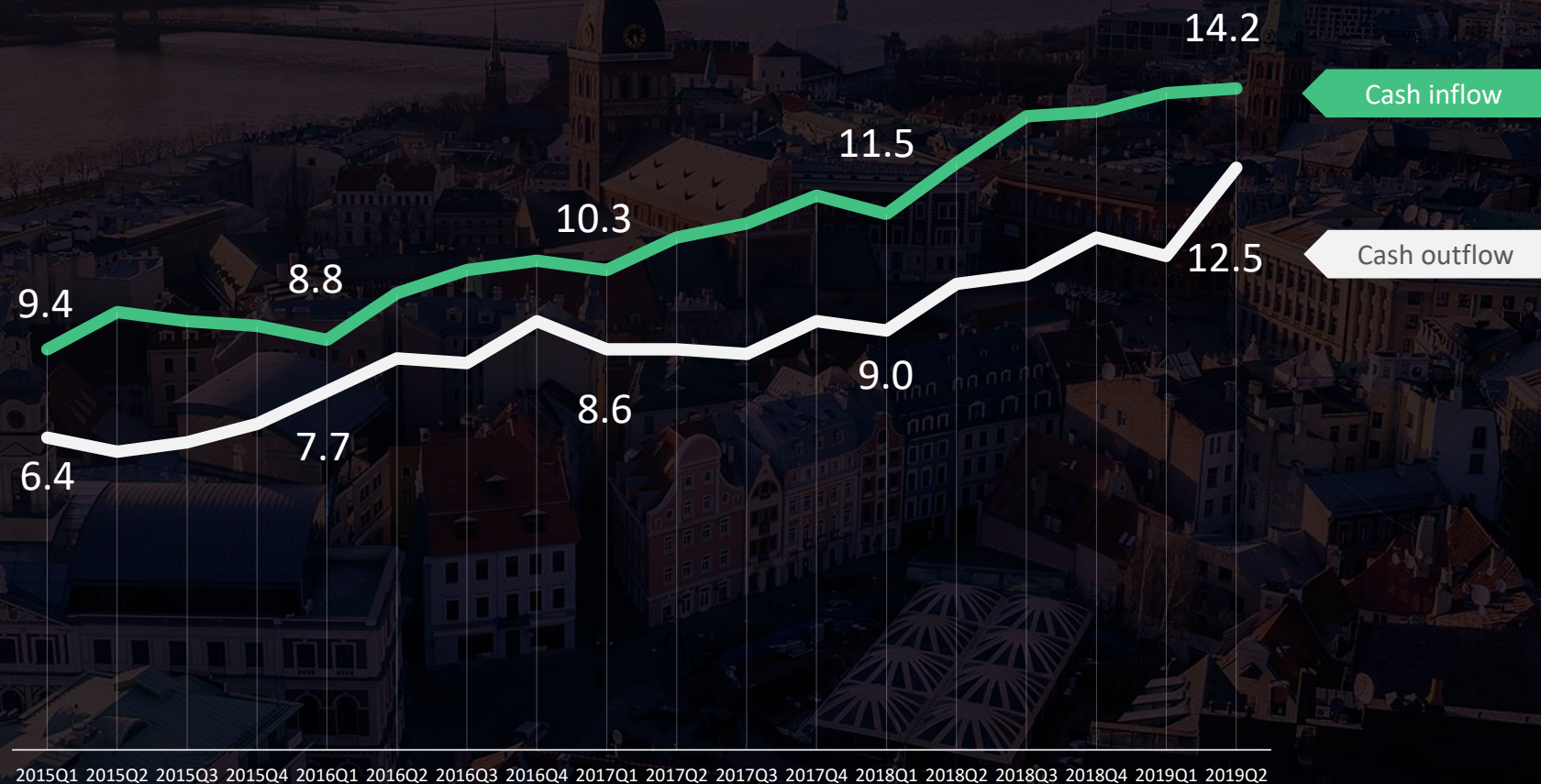
\* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.



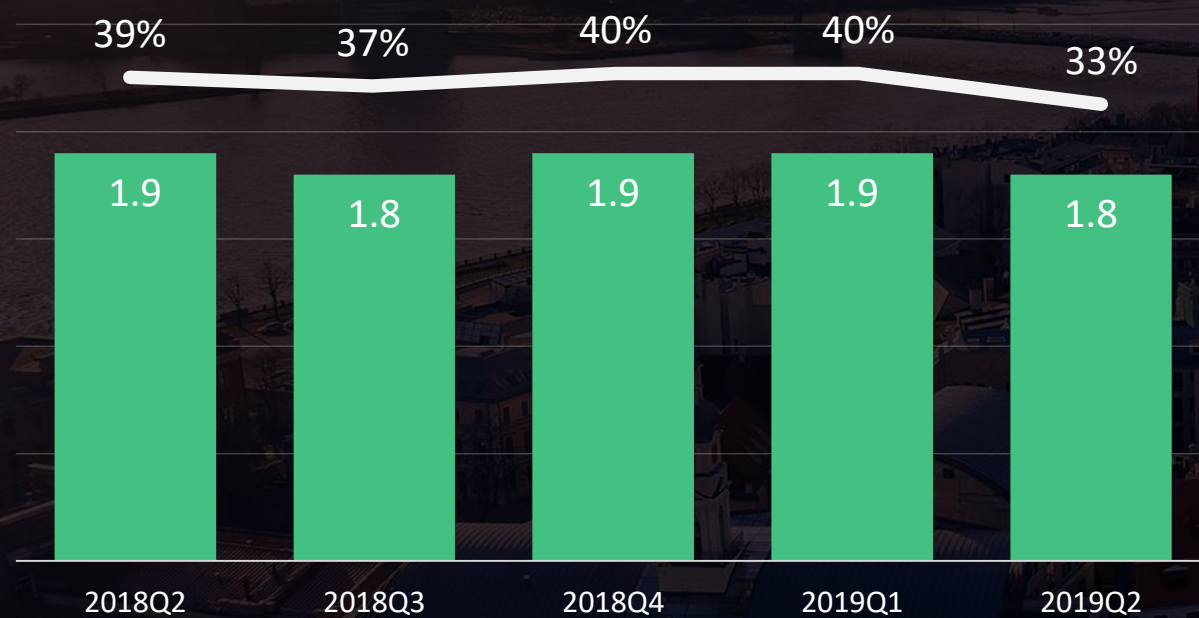


## KEY FINANCIALS

2019Q2 marks a record high amount of issued loans, resulting in the highest ever loan portfolio.

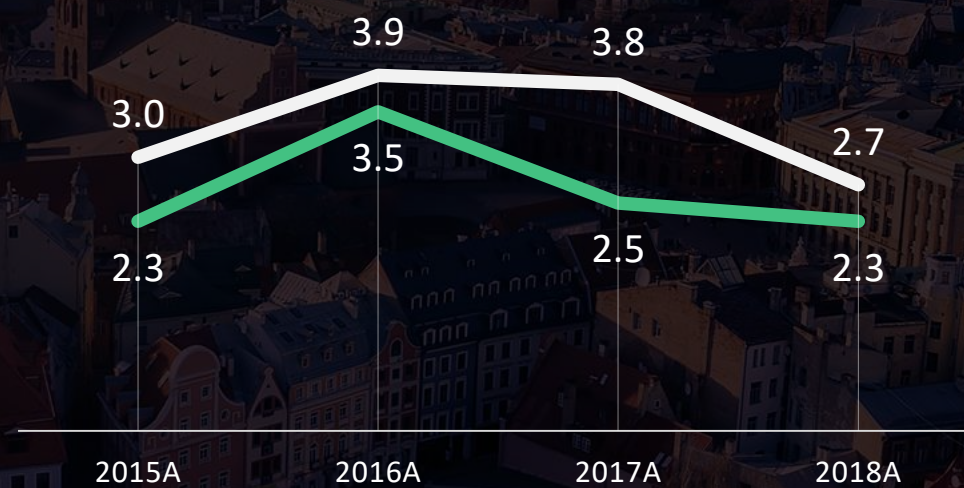






EBITDA, mEUR

EBITDA margin



Net Debt/EBITDA ratio

Net Debt/Equity ratio





## KEY FINANCIALS: PROFITABILITY

Income statement, EUR'000			
	2018Q2	2019Q2	%, y-o-y
Interest and similar income	7 238	7 755	+7.1%
Gross profit from sale of goods*	709	811	+14.4%
<b>Gross profit</b>	<b>7 947</b>	<b>8 566</b>	<b>+7.8%</b>
Selling expense	-2 901	-2 681	-7.5%
Administrative expense	-1 253	-1 571	+25.4%
Net other income / (expense)	-232	-615	+165%
<b>EBITDA</b>	<b>3 561</b>	<b>3 699</b>	<b>+3.9%</b>
Depreciation	-124	-114	-8.1%
Interest and similar expense	-1 149	-1 200	+4.4%
Taxes	-14	-340	+2329%
<b>NET PROFIT</b>	<b>2 274</b>	<b>2 045</b>	<b>-10.0%</b>

	EUR'000	2018Q2	2019Q2
Provisions (incl. in selling expense)		-365	-215
Cession result (incl. in Net other expense)		-210	-620
<b>Total bad debt expense</b>		<b>-575</b>	<b>-835</b>

\* Sale of foreclosed items.





## KEY FINANCIALS: BALANCE

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

Balance sheet, EUR'000	2019Q1	2019Q2	%, q-o-q
Fixed and intangible assets	652	622	-4.6%
Loans to related parties	1 081	1 085	+0.4%
Net loan portfolio	20 761	26 609	+28.2%
Inventory and scrap	1 111	1 173	+5.6%
Other assets	554	560	+1.1%
Cash	2 686	469	-82.5%
<b>TOTAL ASSETS</b>	<b>26 845</b>	<b>30 518</b>	<b>+13.7%</b>
Share capital and reserves	1 500	1 500	-
Retained earnings	2 954	2 954	-
Profit/loss for the current year	1 012	2 045	+102%
<b>Equity</b>	<b>5 466</b>	<b>6 499</b>	<b>+18.9%</b>
Interest-bearing debt	20 042	22 833	+13.9%
Trade payables and other liabilities	1 338	1 186	-11.3%
<b>Liabilities</b>	<b>21 379</b>	<b>24 019</b>	<b>+12.3%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26 845</b>	<b>30 518</b>	<b>+13.7%</b>





## FINANCING STRUCTURE

Diversified financing structure with established investor demand.

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

Interest-bearing debt	2019Q1, EUR'000*	2019Q2, EUR'000*	Interest rate, %	Maturity
Unsecured bonds	3 063	2 625	15.0%	2022/12
Unsecured notes	4 996	4 996	14.0%	2021/10
Peer-to-peer lending platform	10 821	12 923	11% - 13.5%	According to issued loans
Leases	135	72	EURIBOR+ 3.5%	Up to 3 years
Accrued interest and bonds commissions	5	6		
TOTAL	19 021	20 622		

\* As at the end of the period.





# ExpressCredit



Ltd. "ExpressCredit"  
Raunas iela 44 k-1  
Riga, Latvia  
LV-1039



[kristaps.bergmanis@expresscredit.lv](mailto:kristaps.bergmanis@expresscredit.lv)



+371 66 15 50 06