



# ExpressCredit

INVESTOR PRESENTATION 2019Q3 RESULTS

November, 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.

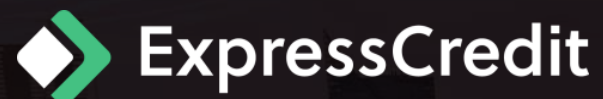
**NET Profit Margin** - How much net profit is generated as a percentage of revenue, calculated as Net Profit / Revenue. Used as an indicator of a company's financial health.

**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:

**89** branches

**270+** employees

**3 306 000+** loan issue  
transactions (cumulative)

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

## KEY FINANCIALS:

**29.5 mEUR** net loan  
portfolio (2019Q3)

**5.8 mEUR** EBITDA  
(2019Q3 cumulative)

**12.5 mEUR** value of  
issued loans (2019Q3)



2009

established as a  
pawn broking  
chain



2017

3rd largest non-  
bank consumer  
lender in Latvia

## HIGHLIGHTS

In 2019Q3, Group has increased issuance level by 22% compared to 2018Q3.

Average loan size per customer has increased to record amount of € 633.

The highest ever quarterly EBITDA has been achieved.



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.

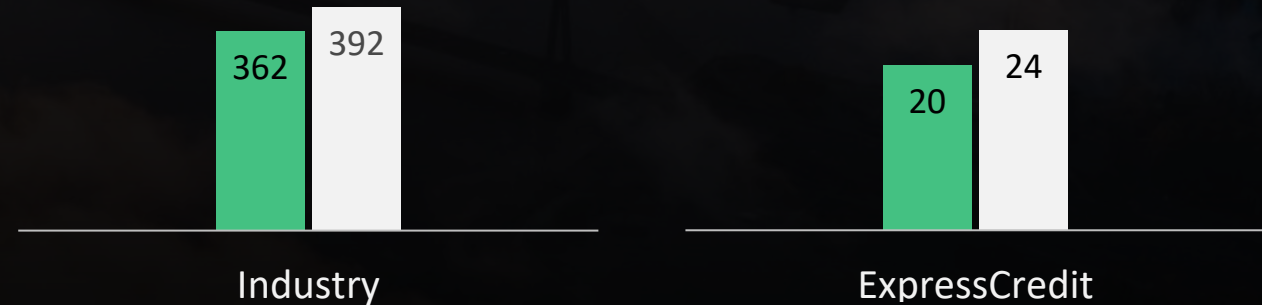
ExpressCredit\* grows faster than the industry, having 6%\*\* market share.

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

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



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



2017, mEUR

2018, mEUR

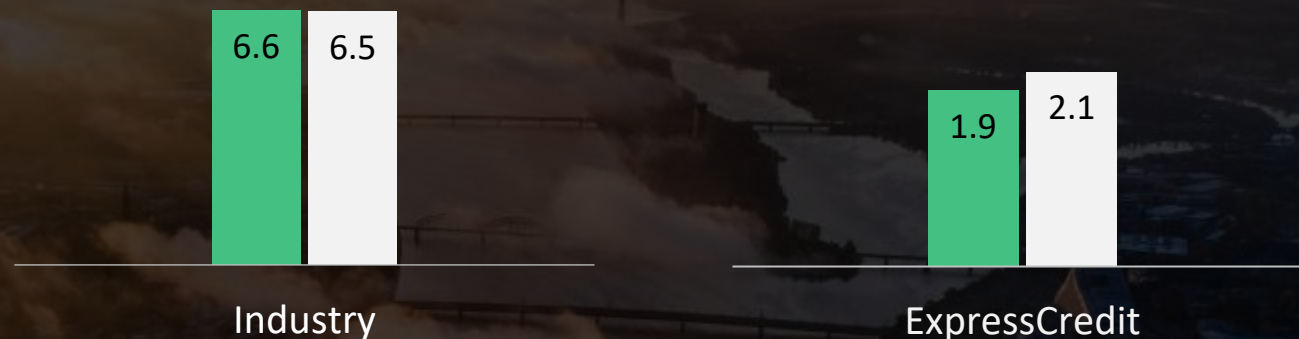
\*Source: Consumer Rights Protection Centre

# 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.



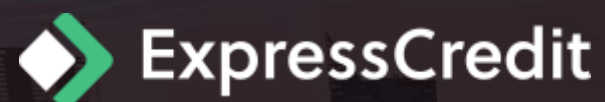
Amount of pawn loans issued in EUR million in 2017 and 2018,  
Industry\* and ExpressCredit comparison.



2017, mEUR

2018, mEUR

\* Source: Consumer Rights Protection Centre



## CONSUMER LOANS

62% of loans issued by value in 2019Q3

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO\*, mEUR

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

2018Q3

6.2

16.1

2018Q4

6.9

17.1

2019Q1

6.3

17.7

2019Q2

8.2

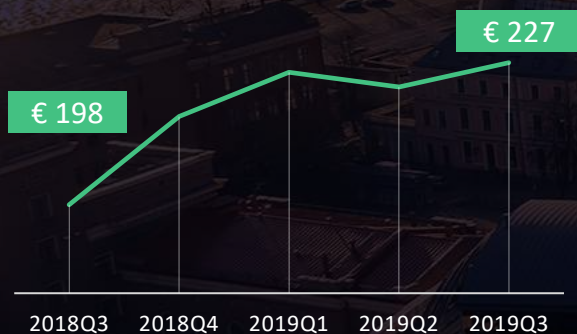
21.0

2019Q3

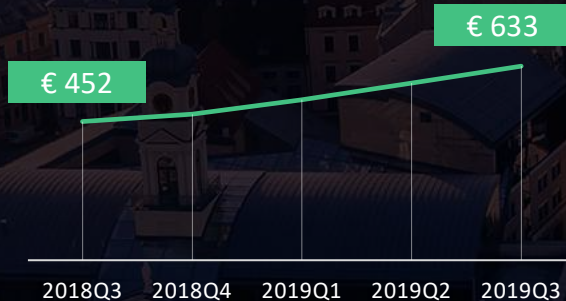
7.8

22.6

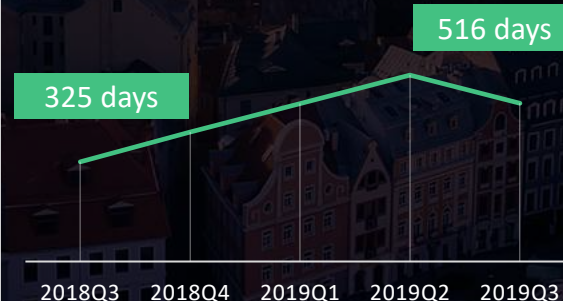
Average loan tranche size per issue



Average loan size per customer

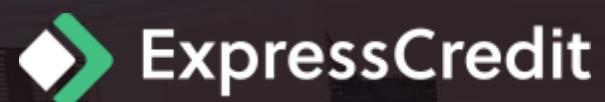


Weighted average term of loans issued



Non-performing loans ratio





## PAWN LOANS

38% of loans issued by value in 2019Q3

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO, mEUR\*

\* Includes car title loan and mortgage loan legacy portfolios

2018Q3

3.9

1.9

2018Q4

4.1

2.1

2019Q1

4.3

2.1

2019Q2

4.4

2.0

2019Q3

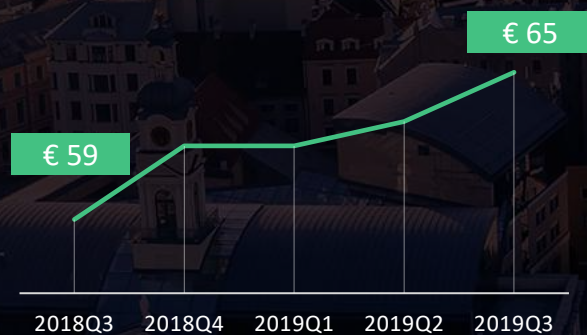
4.7

2.3

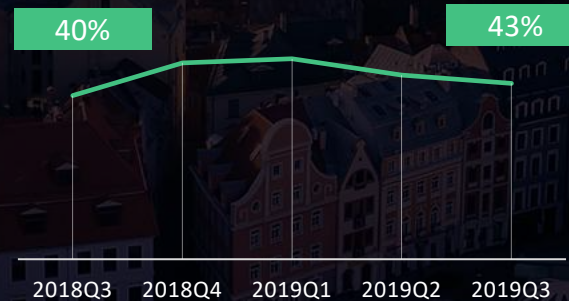


Stable customer base and stable performance of pawnshop operations.

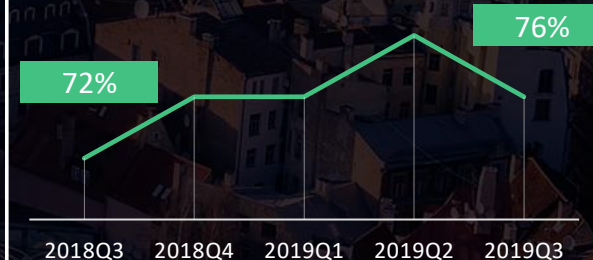
Average loan size  
per issue:



Pawn mark-up:



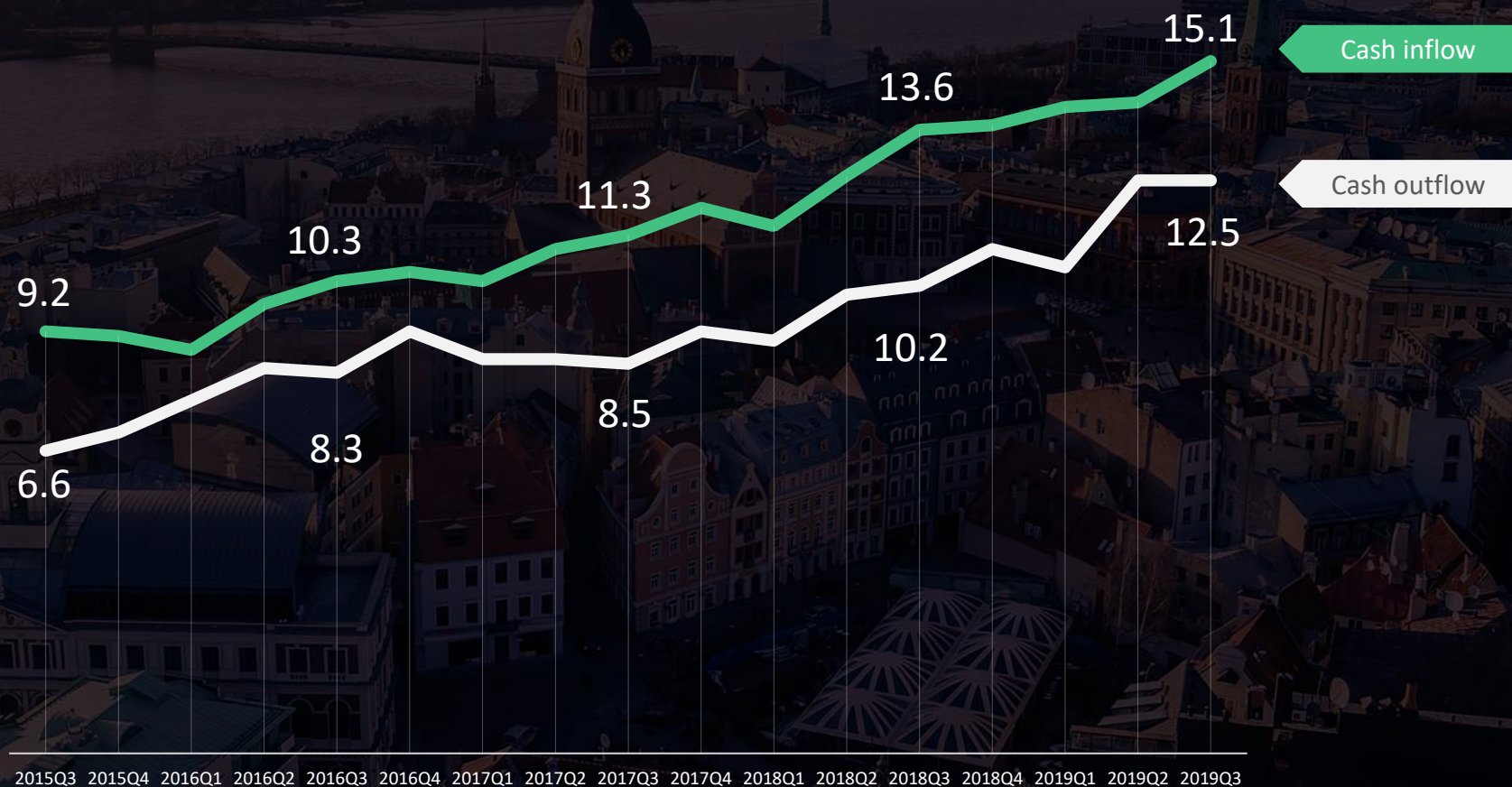
Redemption rate\*



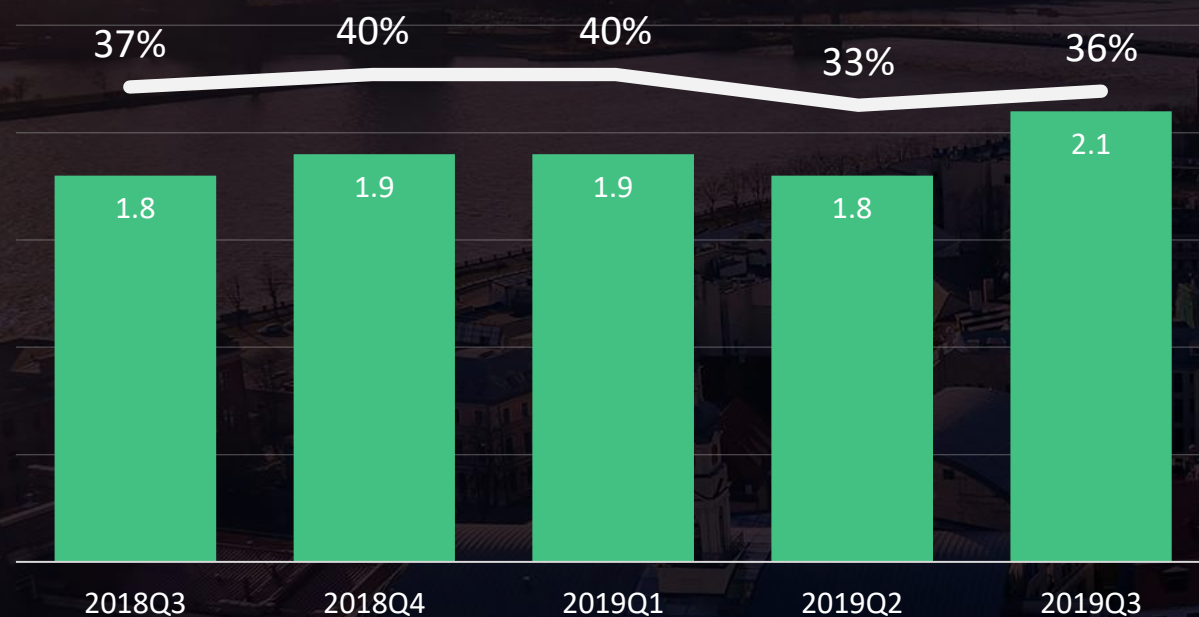
\* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.

## KEY FINANCIALS

In line with historical Q3 pattern, also 2019Q3 delivered increased net cash flow.

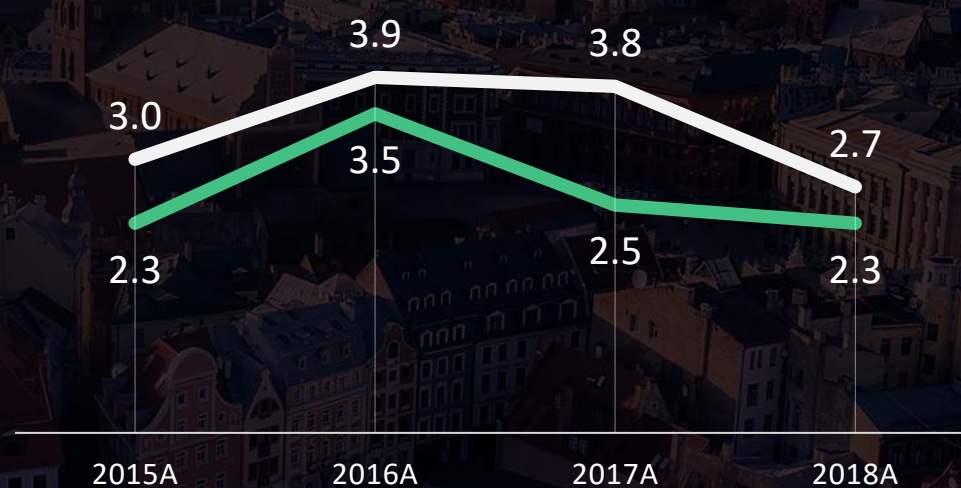


## FINANCIALS



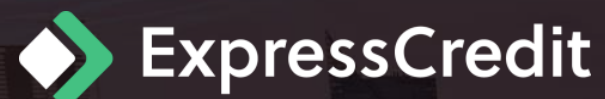
EBITDA, mEUR

EBITDA margin



Net Debt/EBITDA ratio

Net Debt/Equity ratio



## KEY FINANCIALS: PROFITABILITY

Increased cession result corresponds to 22% increase in issued loans as compared to 2018Q3.

Highest ever quarterly EBITDA has been achieved and amounts to EUR 2.1m.

Income statement, EUR'000	2018Q3	2019Q3	%, y-o-y
Interest and similar income	11 039	12 082	9%
Gross profit from sale of goods*	1 125	1 324	18%
Cession result**	-353	-1 039	194%
<b>Gross profit</b>	<b>11 811</b>	<b>12 367</b>	<b>5%</b>
Selling expense	-4 433	-4 076	-8%
Administrative expense	-1 960	-2 446	25%
Net other income / (expense)	-66	-34	-48%
<b>EBITDA</b>	<b>5 352</b>	<b>5 811</b>	<b>9%</b>
Depreciation	-178	-164	-8%
Interest and similar expense	-1 700	-1 939	14%
Taxes	-15	-343	2187%
<b>NET PROFIT</b>	<b>3 459</b>	<b>3 365</b>	<b>-3%</b>

• Sale of foreclosed items.

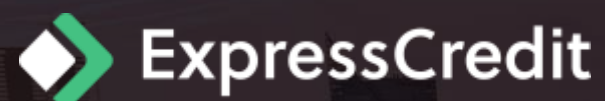
\*\* Cession result was included in Net other income / (expense) in 2019Q2 presentation, but starting from 2019Q3 it will be included in Gross profit calculation to facilitate comparability with financial report.



## KEY FINANCIALS: BALANCE

The portfolio increase was financed by both profits and Mintos platform.

Balance sheet, EUR'000	2019Q2	2019Q3	%, q-o-q
Fixed and intangible assets	622	774	24%
Loans to related parties	1 085	1 216	12%
Net loan portfolio	26 609	29 474	11%
Inventory and scrap	1 173	1 231	5%
Other assets	560	412	-26%
Cash	469	1 296	176%
<b>TOTAL ASSETS</b>	<b>30 518</b>	<b>34 403</b>	<b>13%</b>
Share capital and reserves	1 500	1 500	-
Retained earnings	2 954	2 954	-
Profit/loss for the current year	2 045	3 365	65%
<b>Equity</b>	<b>6 499</b>	<b>7 819</b>	<b>20%</b>
Interest-bearing debt	22 833	25 311	11%
Trade payables and other liabilities	1 186	1 273	7%
<b>Liabilities</b>	<b>24 019</b>	<b>26 584</b>	<b>11%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30 518</b>	<b>34 403</b>	<b>13%</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.

Work on new bond issue in progress.

Interest-bearing debt	2019Q2, EUR'000*	2019Q3, EUR'000*	Interest rate, %	Maturity
Unsecured bonds	2 625	2 188	15.0%	2022/12
Unsecured notes	4 996	4 996	14.0%	2021/10
Peer-to-peer lending platform	14 648	17 520	9% - 13.5%	According to issued loans
Leases	73	116	EURIBOR+ 3.5%	Up to 3 years
Private loans	485	485	14.0%	Up to 3 years
Accrued interest and bonds commissions	6	7		
TOTAL	22 833	25 311		

\* As at the end of the period.



# ExpressCredit



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



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



+371 66 15 50 06