



# INVESTOR PRESENTATION 2019

## Q4 RESULTS

February, 2020

Until 03/02/2020:





# DISCLAIMER

- This presentation is of selective nature and is made to provide an overview of the Company's (SIA DelfinGroup and its subsidiaries) business.
- 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 2018

## BUSINESS PROFILE:



Pawn loans  
Consumer loans

## BRANDS:

**Banknote**  
**VIZIA**

## VALUES:



Simplicity



Accessibility



Respect



Progress

## GROUP:

**87**

branches

**276**

employees

**3 415 146**

loan issue transactions  
(cumulative)

**255 mEUR**

value of loans  
(cumulative)

## KEY FINANCIALS:

**31.6 mEUR**

net loan portfolio  
(2019 Q4)

**8.1 mEUR**

EBITDA  
(2019 Q4 cumulative)

**12.7 mEUR**

value of issued loans  
(2019Q4)



2009

established as a  
pawn broking  
chain



2018

3rd largest non-  
bank consumer  
lender in Latvia



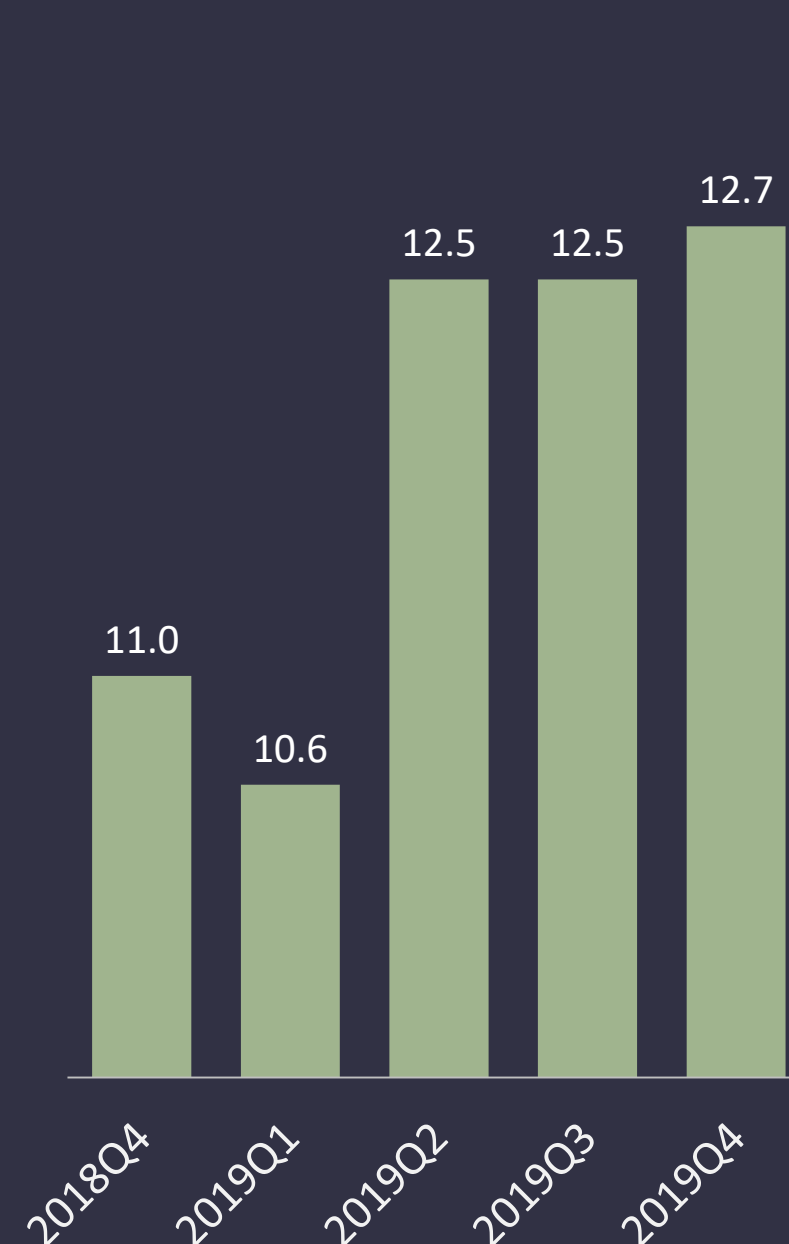
In **2019 Q4**, Group has increased issuance level by 15% compared to 2018Q4.

Average loan size per customer has increased to record amount of **€672**.

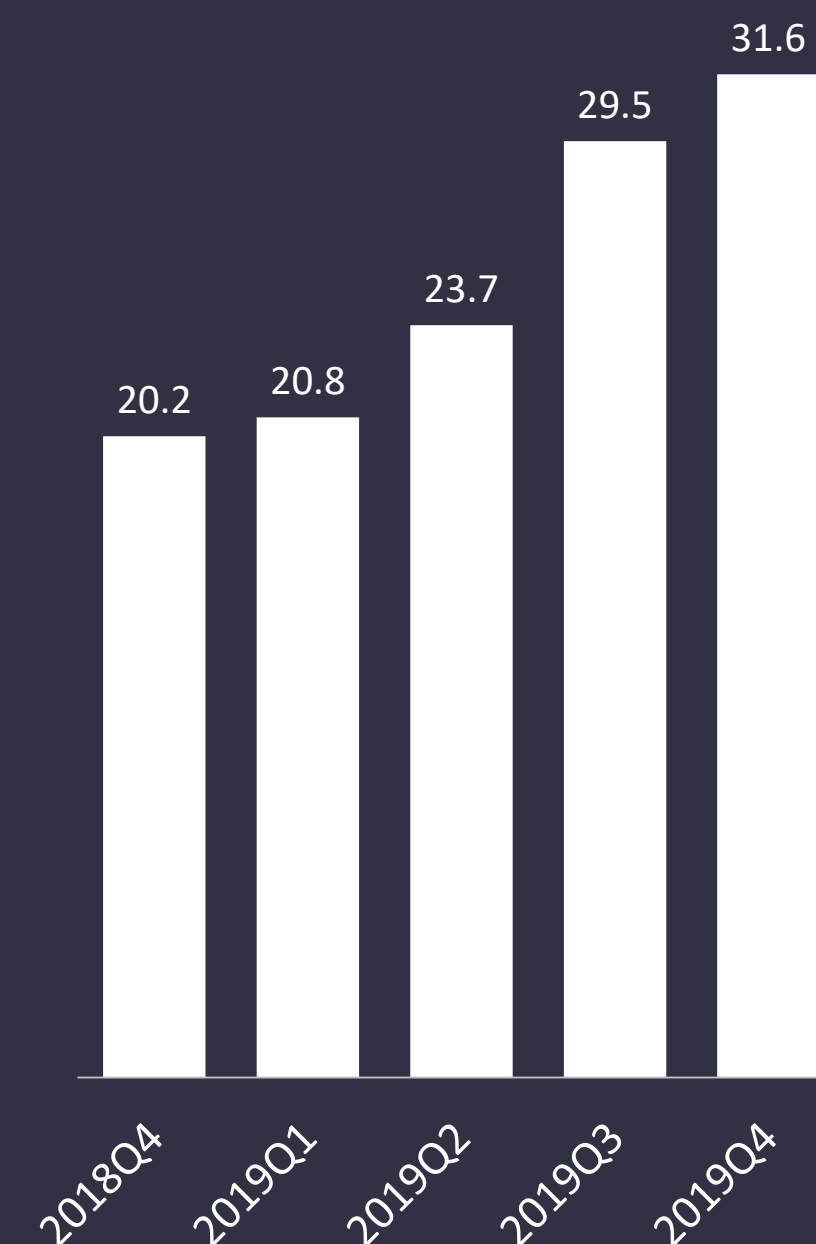
**27.7% improvement** in y-o-y Q4 EBITDA has been achieved.

- growth affected by the introduction of IFRS 16.

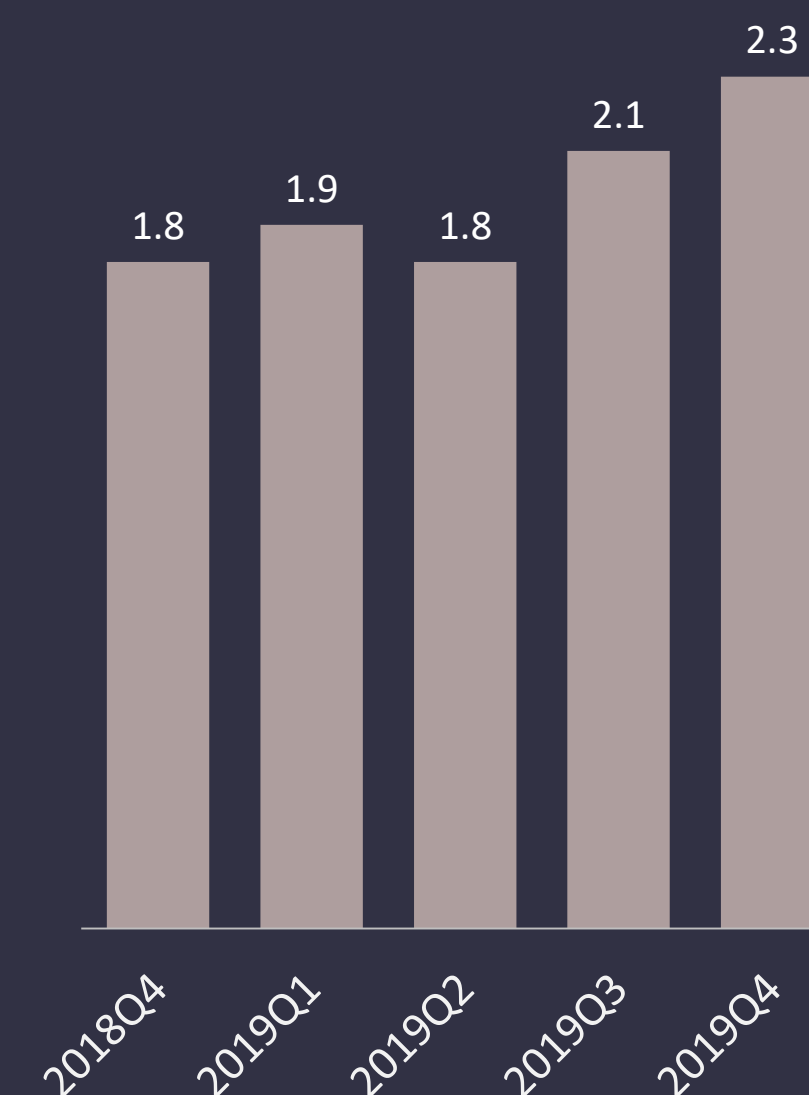
## HIGHLIGHTS



Consumer and pawn loans  
issued, mEUR



Total loans outstanding,  
mEUR



EBITDA, mEUR

**DelfinGroup\*** grows twice  
as fast as the industry,  
having **6%\*\*** market share.

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

\*\* Based on consumer loan portfolio as at the end of 2019 H1.

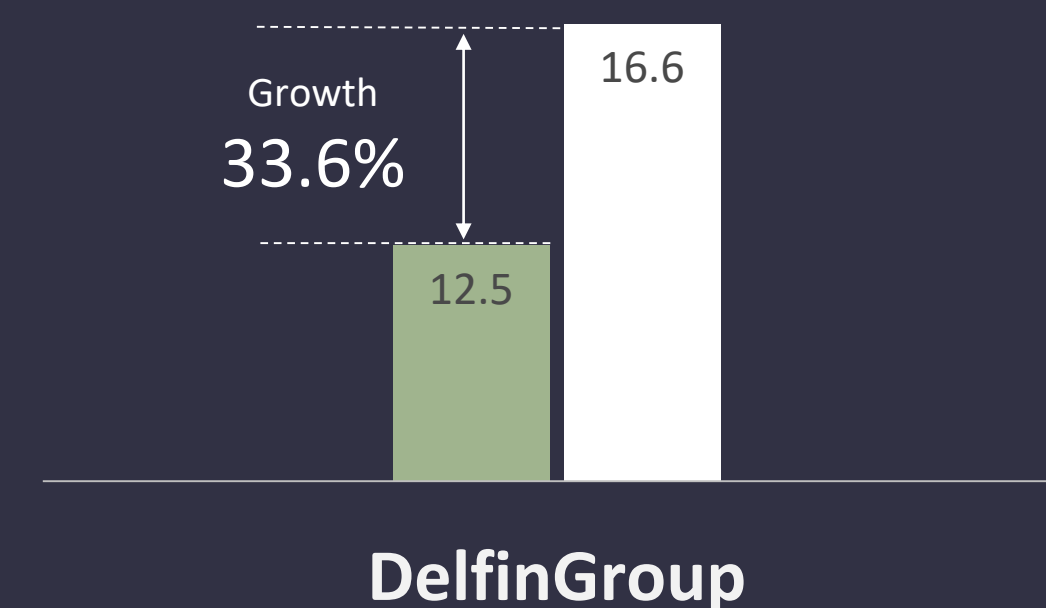
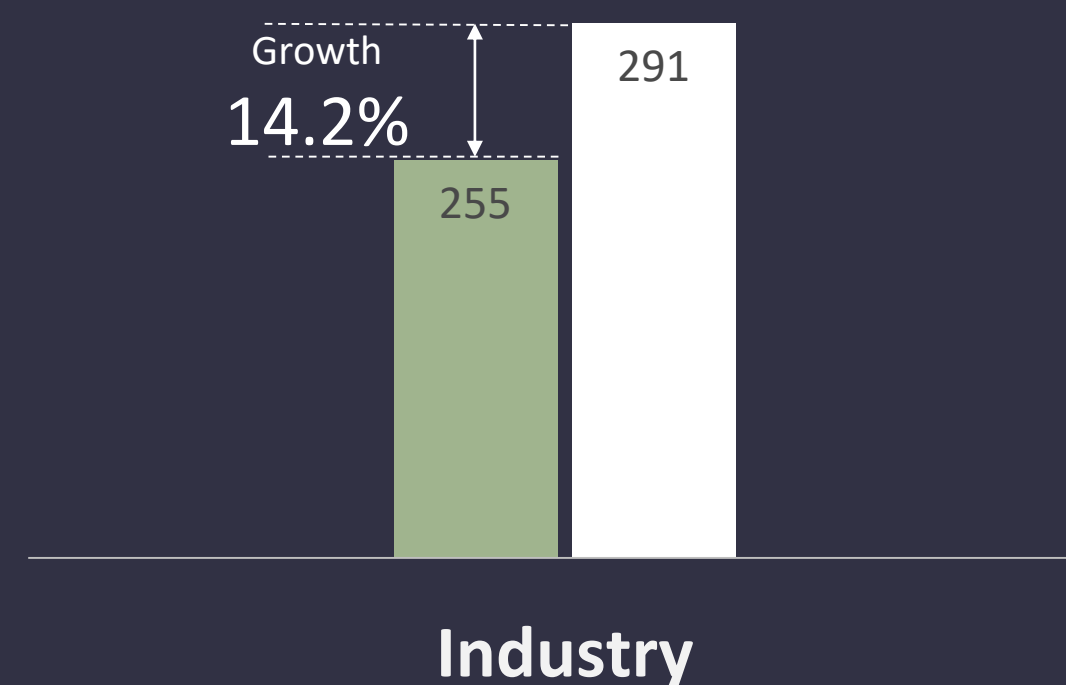
## MARKET OVERVIEW:

### CONSUMER LOANS

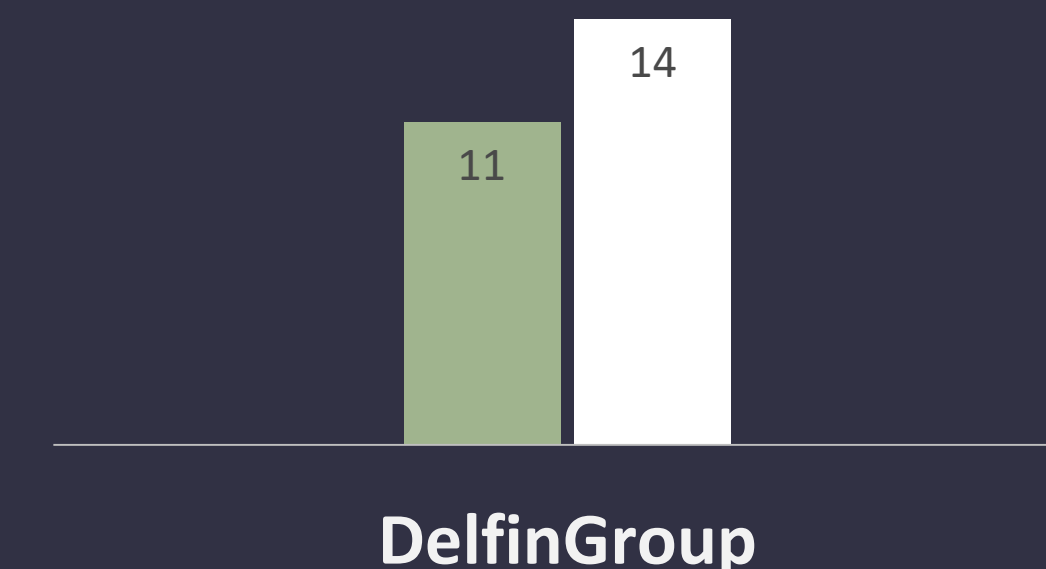
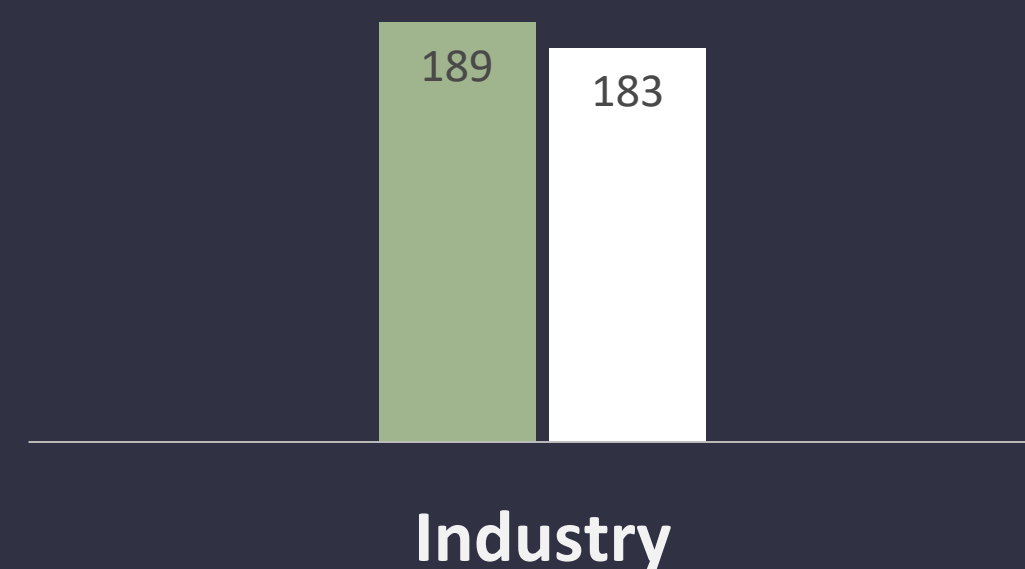
2018 H1, mEUR

2019 H1, mEUR

**Consumer loan portfolio** in EUR million as at 2018 H1 and 2019 H1, Industry\* and DelfinGroup comparison.



**Amount of consumer loans issued** in EUR million as at 2018 H1 and 2019 H1, Industry\* and DelfinGroup comparison.



\*Source: Consumer Rights Protection Centre



In 2019 H1, **41%** of all pawn loans issued **in Latvia** were issued **by DelfinGroup**.

The market share is growing y-o-y.

## MARKET OVERVIEW:

### PAWN LOANS

**Pawn loan portfolio** in EUR million in 2018 H1 and 2019 H1, Industry\* and DelfinGroup comparison.

2018 H1, mEUR

2019 H1, mEUR



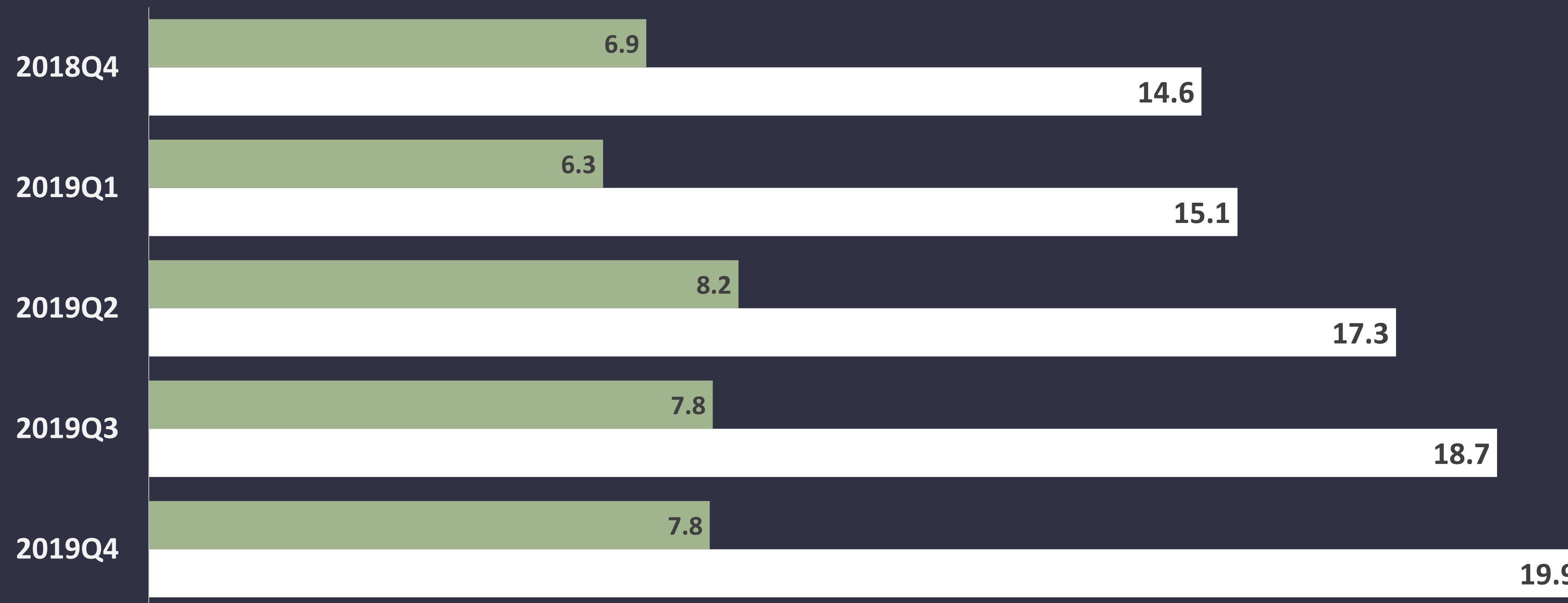
**Amount of pawn loans issued** in EUR million in 2018 H1 and 2019 H1, Industry\* and DelfinGroup comparison.



# CONSUMER LOANS

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO\*, mEUR

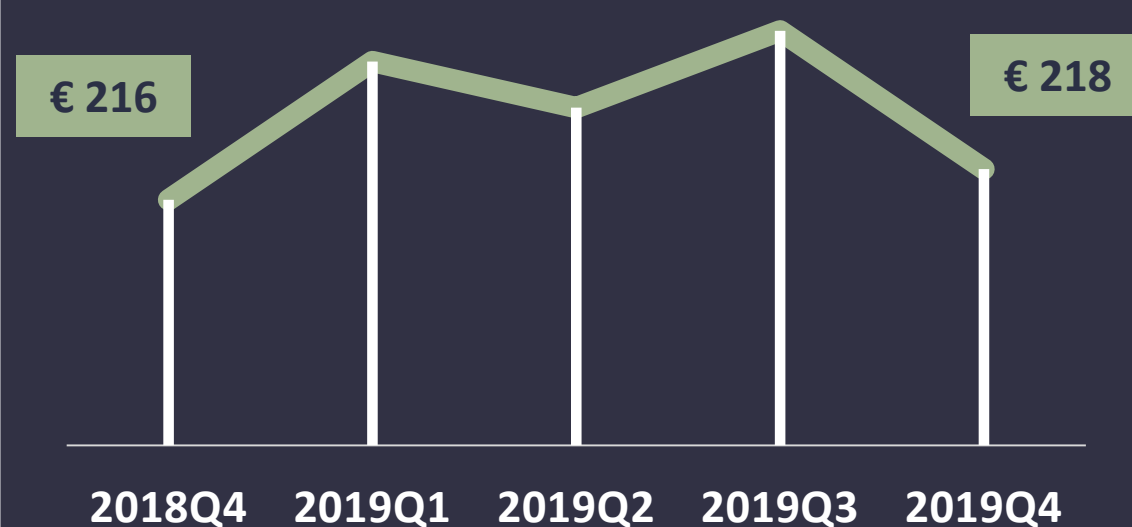


\* Loan portfolio data based on DelfinGroup net consumer loan portfolio incl. accrued interest.

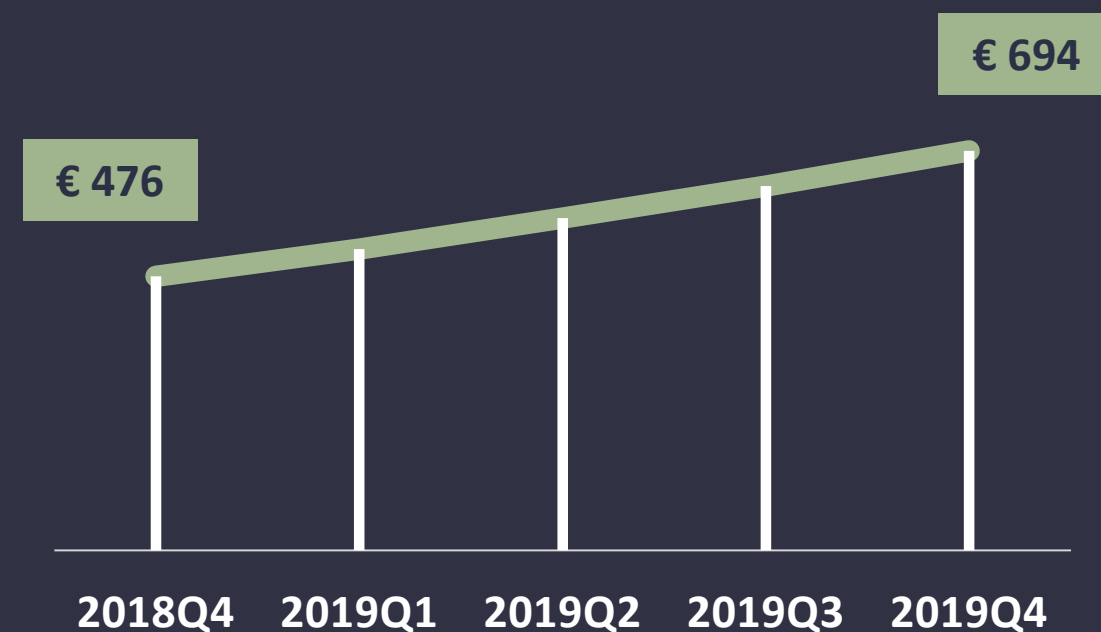


## CONSUMER LOANS

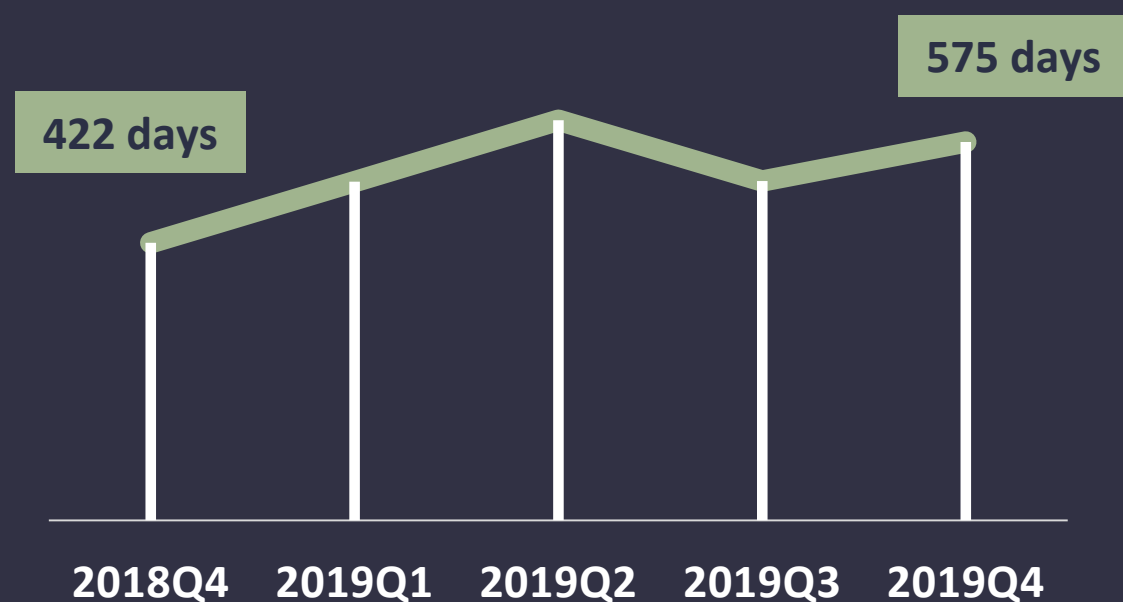
Average loan tranche size per issue



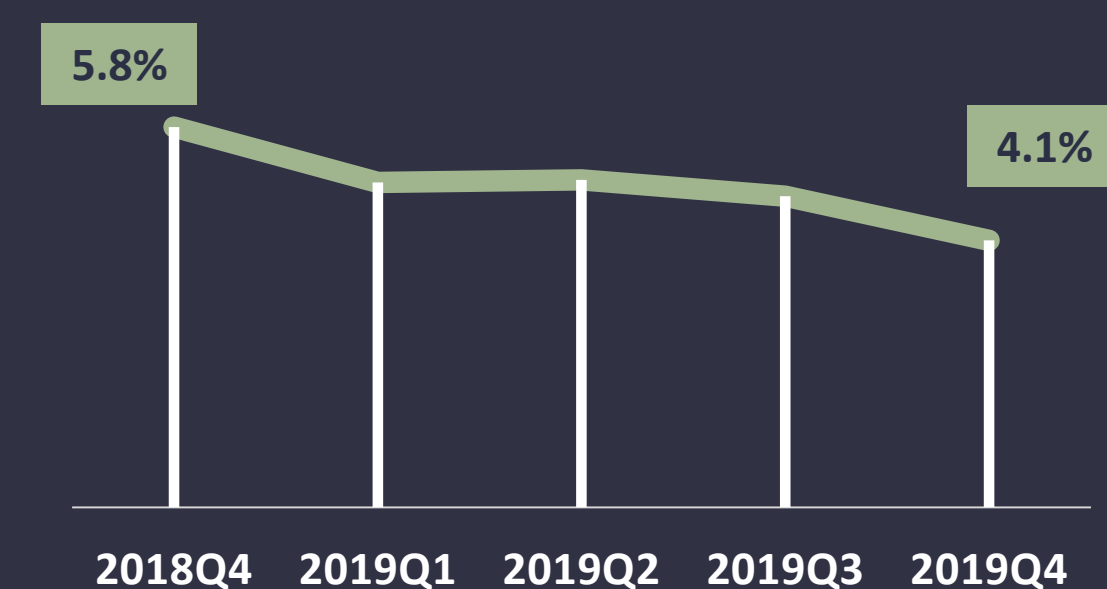
Average loan size per customer



Weighted average term of loans issued



Non-performing loans ratio





## PAWN LOANS

LOANS ISSUED, mEUR

NET LOAN PORTFOLIO, mEUR\*

2018Q4

4.1

2.1

2019Q1

4.3

2.1

2019Q2

4.4

2.0

2019Q3

4.7

2.3

2019Q4

4.9

2.5

\* Includes car title loan and mortgage loan legacy portfolios.

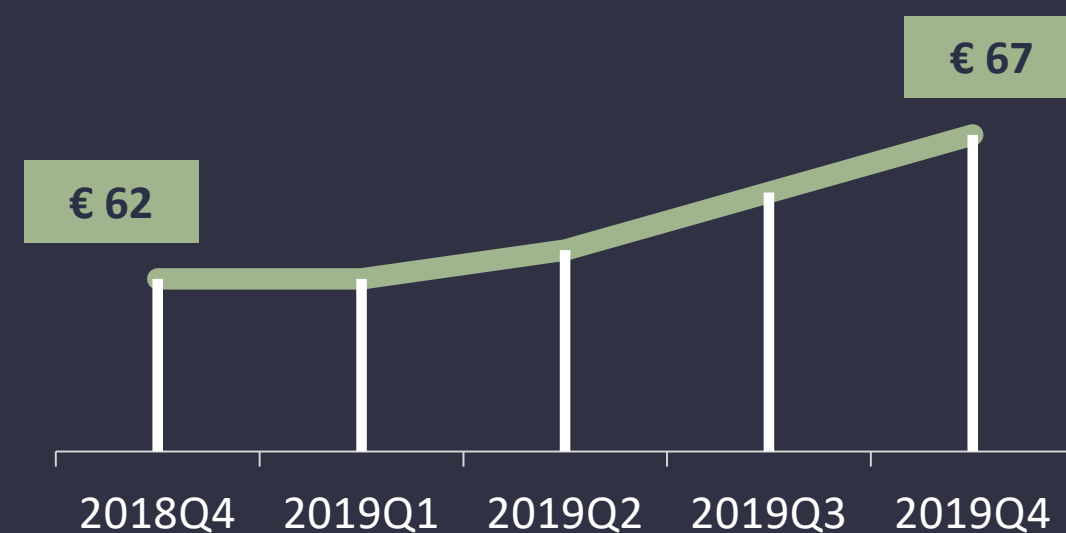




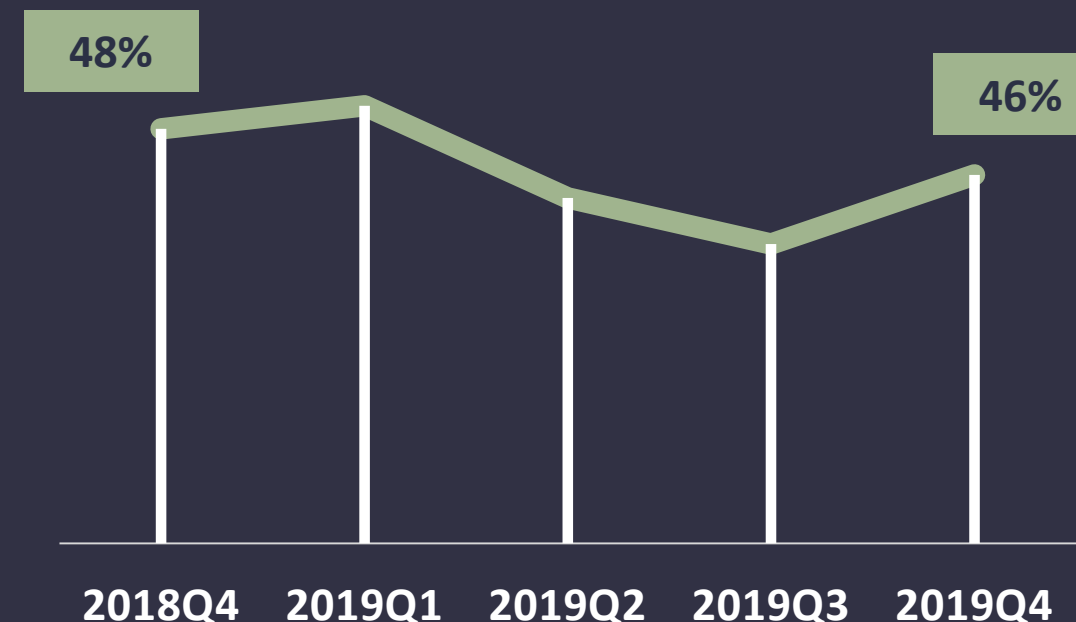
## PAWN LOANS

Stable customer base  
and stable performance  
of pawnshop operations.

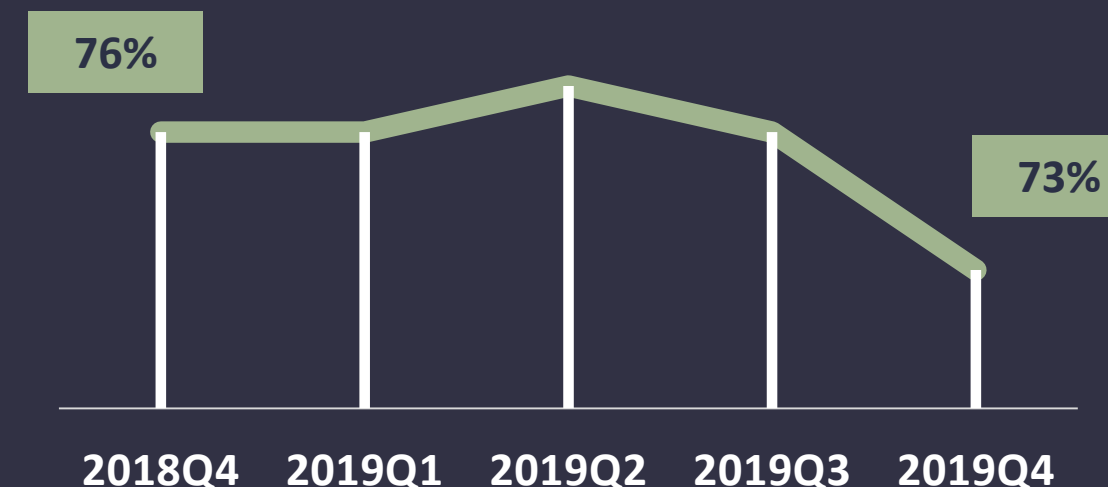
Average loan size per issue:



Pawn mark-up:



Redemption rate\*

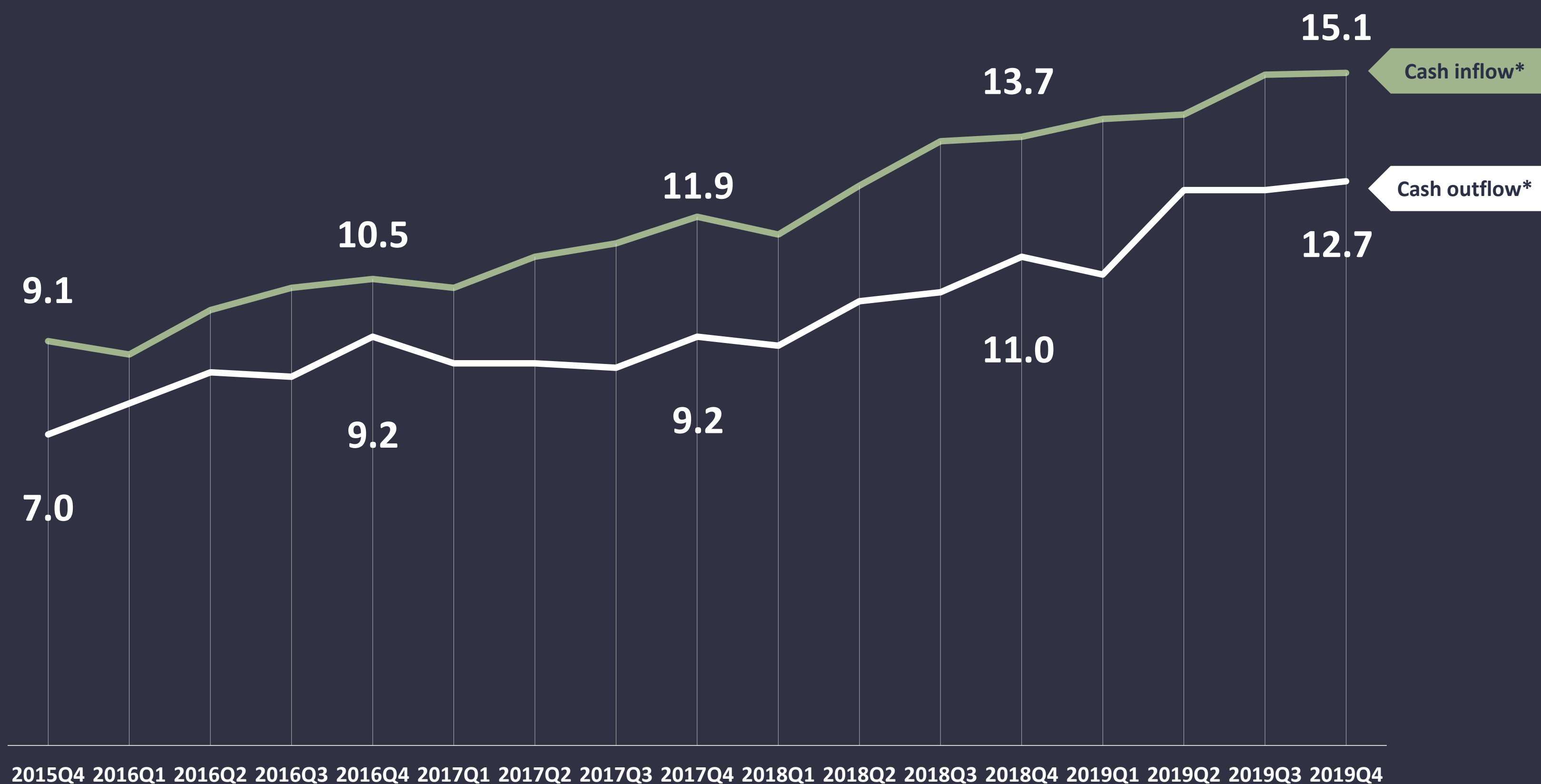


\* Items begin redeemed or extended within 3 months since issuance, by value of loans issued excl. item purchasing.



In line with historical pattern,  
also **2019Q4** delivered  
**positive net cash flow.**

## KEY FINANCIALS

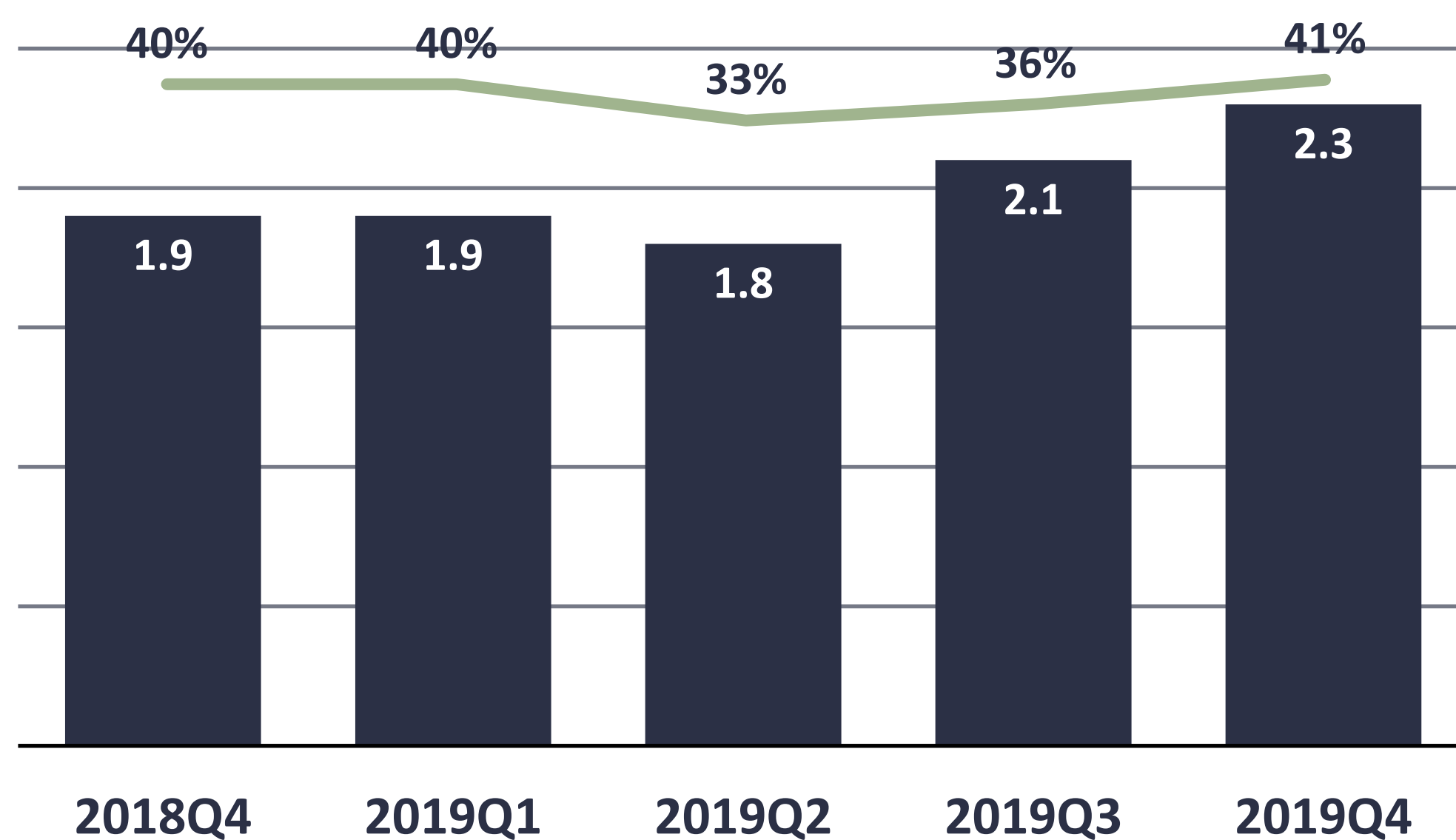


\* From consumer lending and pawn shop activities.



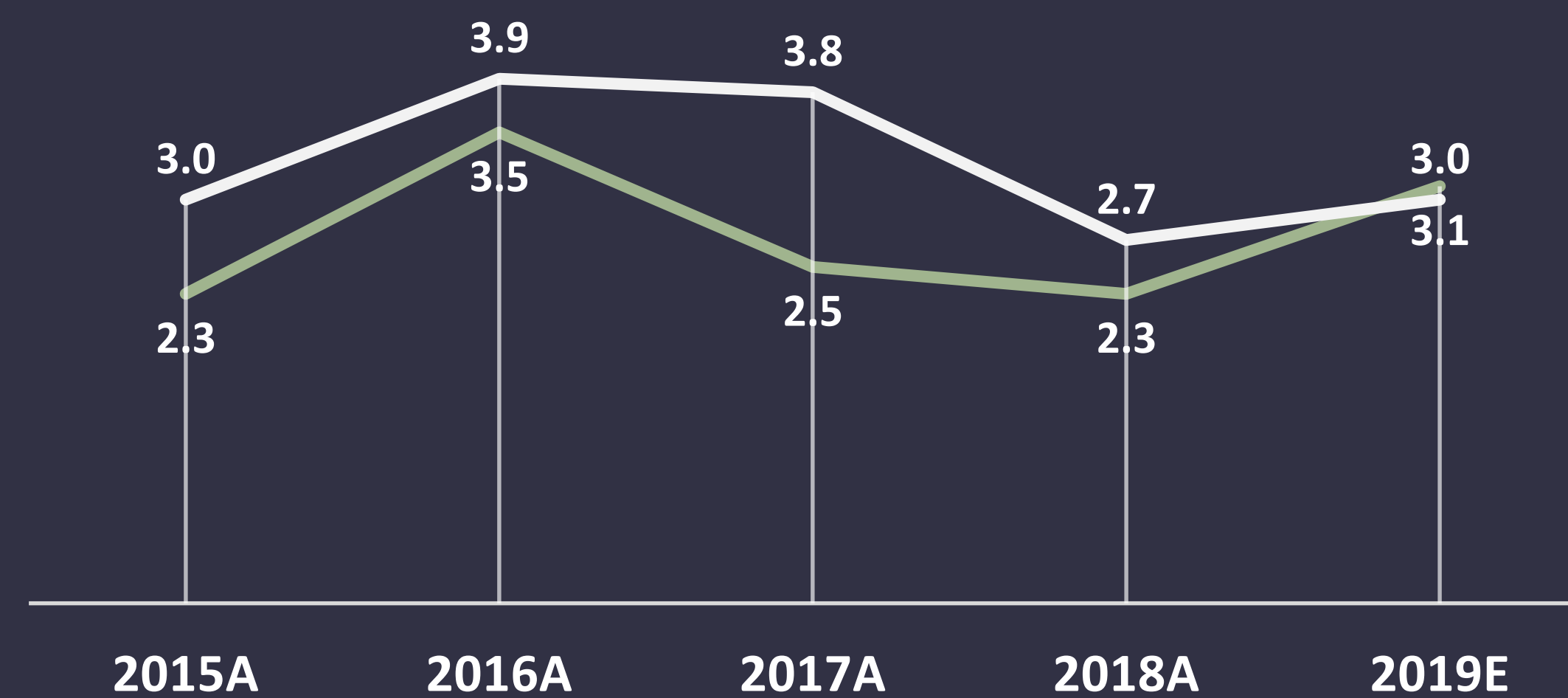


## FINANCIALS



EBITDA, mEUR

EBITDA margin



Net Debt/EBITDA ratio

Net Debt/Equity ratio



## KEY FINANCIALS: PROFITABILITY

Increased cession result corresponds to **25% increase** in issued consumer loans as compared to **2018 Q4**.

Depreciation increased after incorporation of **IFRS 16** on Right-of-use assets in Q4 2019 statements.

Double-digit **EBITDA** growth in 12 month period.

Income statement, EUR'000	2018Q4	2019Q4	%, y-o-y
Interest and similar income	14 664	16 382	12%
Gross profit from sale of goods	1 528	1 800	18%
Cession result	-539	-1 499	178%
<b>Gross profit</b>	<b>15 652</b>	<b>16 683</b>	<b>7%</b>
Selling expense	-5 623	-4 939	-12%
Administrative expense	-2 771	-3 487	26%
Net other income / (expense)	-26	-105	302%
<b>EBITDA</b>	<b>7 232</b>	<b>8 152</b>	<b>13%</b>
Depreciation	-250	-986	294%
Interest and similar expense	-2 298	-2 853	24%
Taxes	-132	-350	165%
<b>NET PROFIT before dividends</b>	<b>4 552</b>	<b>3 963</b>	<b>-13%</b>
Interim dividends	-490	-	-
<b>NET PROFIT</b>	<b>4 062</b>	<b>3 963</b>	<b>-2%</b>



## KEY FINANCIALS:

### BALANCE

The portfolio increase was financed by all: profits, Mintos platform, and the new bond issue.

Right-of-use assets and liabilities recognized in 2019Q4 according to IFRS 16, effective from January 1, 2019.

Balance sheet, EUR'000	2019Q3	2019Q4	%, q-o-q
Fixed and intangible assets	774	2 740	254%
Loans to related parties	1 216	1 308	8%
Net loan portfolio	29 474	31 597	7%
Inventory and scrap	1 231	1 155	-6%
Other assets	412	384	-7%
Cash	1 296	1 136	-12%
<b>TOTAL ASSETS</b>	<b>34 403</b>	<b>38 320</b>	<b>11%</b>
Share capital and reserves	1 500	1 500	-
Retained earnings	2 954	2 954	-
Profit/loss for the current year	3 365	3 963	18%
<b>Equity</b>	<b>7 819</b>	<b>8 417</b>	<b>8%</b>
Interest-bearing debt	25 311	26 456	5%
Trade payables and other liabilities	1 273	3 447	171%
<b>Liabilities</b>	<b>26 584</b>	<b>29 903</b>	<b>12%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34 403</b>	<b>38 320</b>	<b>11%</b>



# FINANCING STRUCTURE

**Diversified financing structure  
with established investor  
demand.**

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

Subscription for **new bond issue** ISIN LV0000802379 launched. Paid amount by the end of Q4: **EUR 1 100 000.**

Peer-to-peer lending platform and all bondholders **secured creditors** since December 2019.

Interest-bearing debt	2019Q3, EUR'000*	2019Q4, EUR'000*	Interest rate, %	Maturity
Secured bonds	-	7 850	14% - 15%	2020/12 -2022/11
Unsecured bonds	7 184	-	14% - 15%	2020/12 -2021/10
Peer-to-peer lending platform (secured since 2019Q4)	17 520	18 044	9% - 13.5%	According to issued loans
Leases	116	102	EURIBOR+ 3.5%	Up to 3 years
Private loans	485	485	14.0%	Up to 3 years
Accrued interest and bonds commissions	7	-25		
<b>TOTAL</b>	<b>25 311</b>	<b>26 456</b>		

\* As at the end of the period.







custom finance  
solutions



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