



**Ferratum™**

More than money **to everyone**

QUARTERLY STATEMENT  
FOR THE PERIOD  
JANUARY 1, 2017 –  
MARCH 31, 2017



# HIGHLIGHTS

**+51%** Group revenue for the period up 51% year-on-year

**+32%** Operating profit (EBIT) for the period up 32% year-on-year

**+13.7%** EBIT margin for the period of 13.7%

**+57%** Profit before tax for the period up 57% year-on-year

**NEW** Subsequent event: Country launch in Brazil

**NEW** Subsequent event: Launch of new loan product "Primeloan" in Finland

## FINANCIAL OVERVIEW

EUR '000	Jan – Mar 2017	Jan – Mar 2016	Growth or decrease %
Revenue	50,009	33,213	50.6%
Operating profit	6,849	5,193	31.9%
Profit before tax	5,946	3,792	56.8%
Net cash flows from operating activities before movements in portfolio and deposits received	23,706	13,171	80.0%
Net cash flows from operating activities	1,940	(11,401)	n/a
Net cash flows from investing activities	(2,172)	(2,041)	n/a
Net cash flows from financing activities	(8,487)	7,813	n/a
Net increase/decrease in cash and cash equivalents	(8,719)	(5,629)	n/a
Profit before tax %	11.9	11.4	n/a

EUR '000	31 Mar 2017	31 Dec 2016	Growth or decrease %
Accounts receivable – consumer loans (net)	206,290	184,346	11.9%
Deposits from customers	118,795	101,436	17.1%
Cash and cash equivalents	64,600	73,059	-11.6%
Total assets	311,683	295,683	5.4%
Non-current liabilities	73,362	72,246	1.5%
Current liabilities	144,873	135,563	6.9%
Equity	93,447	87,875	6.3%
Equity ratio %	30.0	29.7	n/a
Net debt to equity ratio	1.64	1.53	n/a

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# KEY DEVELOPMENTS AND PROGRESS

## CONTINUED STRONG GROWTH

Ferratum continued last year's growth trend during the first three months of 2017: The Group's revenue rose to EUR 50,0 million, an increase of 50.6% compared to the respective period of the previous year (Q1 2016: 33.2 million). Growth drivers were product diversification and optimization in consumer lending as well as the further development of business lending. The number of active and former customers increased by 25.6% year-on-year to 1.65 million as of 31 March 2017.

The operating profit (EBIT) increased by 31.9% year-on-year to EUR 6.8 million. Optimization of marketing efforts have improved significantly, pushing down marketing costs from 20.2% of revenues in Q4 2016 to 15.8% in Q1 2017. Impairments on loans have increased from 28.7% of revenues in Q1 2016 to 34.4% in Q1 2017 in line with expectations.

The profit before tax (EBT) grew significantly by 56.8% y-o-y to EUR 5.9 million, influenced by a currency gain of EUR 845 thousand recorded in the financing income. In the previous year's period a currency loss of EUR 338 was recorded.

Equity increased to EUR 93.4 million from EUR 87.9 million as of 31 December 2016 while the equity ratio remained strong at 30.0%. Net receivables from customers grew by 11.9 % to EUR 206.3 from EUR 184.3 million. The loan coverage ratio decreased from 25.4% as of 31 December 2016 to 24.2% as of 31 March in Q1 2017.

Deposits from customers further increased by 17.1% from EUR 101.4 million as of 31 December 2016 to EUR 118.8 million. The interest offered for deposits has been reduced in Q1 2017 and the monthly inflow is decreasing. The Mobile Bank is planned to be launched in further countries during 2017.

Ferratum's group rating of BBB+ from Creditreform AG has been confirmed in Q1 during its regular yearly review.

## REFINANCING COMPLETED

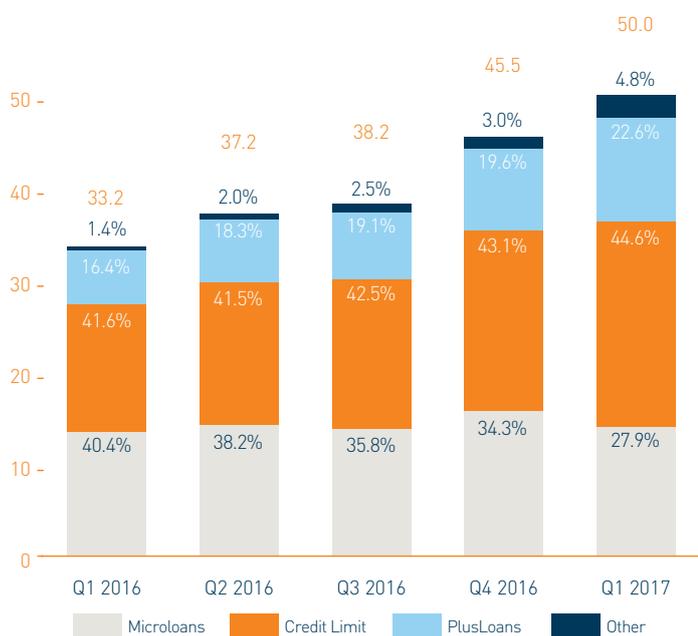
On January 21, 2017, Ferratum Bank p.l.c. repaid its EUR 20 million bond (ISIN: MT0000911207) with the proceeds from the EUR 25 million senior unsecured bond issued in the final quarter of 2016.

## SUBSEQUENT EVENTS

Lending operations in Brazil started in May 2017 with credits of up to BRL 3,000 (EUR 850).

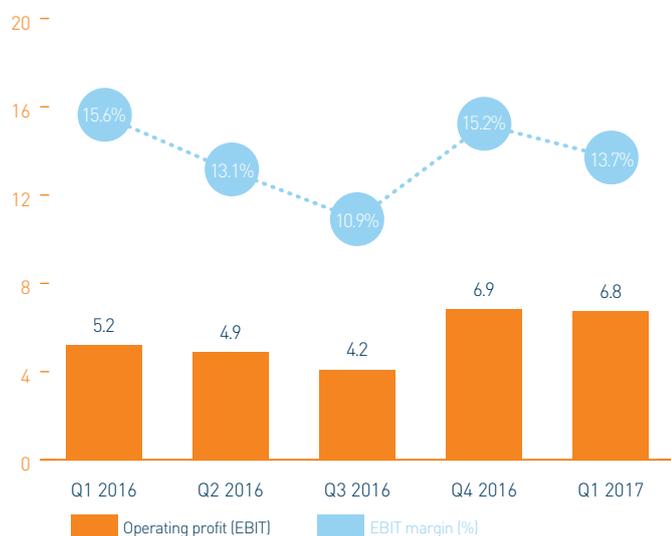
Ferratum's new loan product "Primeloan" was launched in May 2017 in Finland. Primeloan is an unsecured personal loan with amounts of EUR 3,000 to EUR 20,000 and lending terms of 1 to 10 years. The product uses a new risk model which links pricing to the risk profile of the customer.

## REVENUE



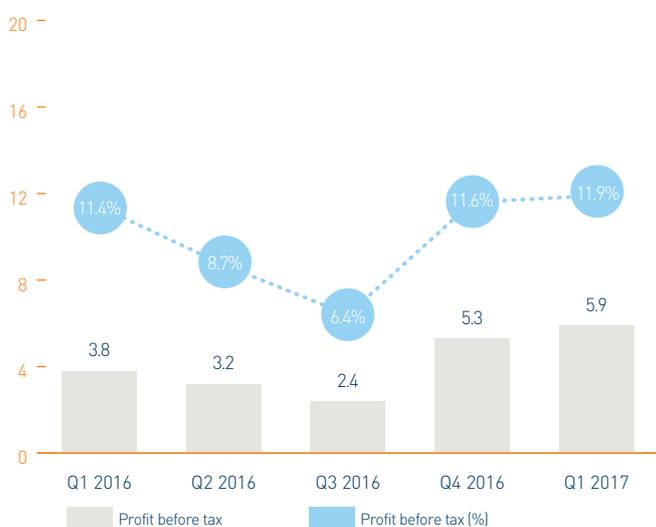
- Strong year-on-year revenue growth of 50.6% in Q1 2017 to EUR 50.0 million
- Revenue growth of 10.0% in Q1 2017 compared to Q4 2016
- Revenue share of Microloans decreased from 40.4% to 27.9% y-o-y
- Revenue share of PlusLoans increased from 16.4% to 22.6% y-o-y
- Revenue share of Credit Limit increased from 41.6% to 44.6% y-o-y
- Revenue share of other business (incl. SME loans) increased from 1.4% to 4.8% y-o-y

## OPERATING PROFIT (EBIT)



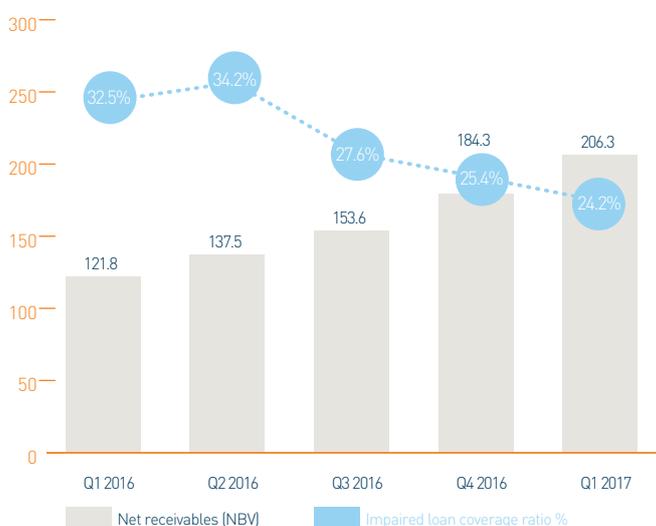
- EBIT in Q1 2017 increases by 31.9% year-on-year to EUR 6.8 million
- Quarterly EBIT margin of 13.7%
- Personnel expenses grew by 47.8% y-o-y to EUR 7.9 million, largely in line with revenue growth
- Selling and marketing expenses (+17.1% y-o-y to EUR 7.9 million) and lending costs (+34.3% y-o-y to EUR 2.4 million) increased at a slower rate than revenue
- Other operating expenses increased by +70.6% y-o-y due to one-off effects

## PROFIT BEFORE TAX (EBT)



- EBT growth of 56.8% y-o-y to EUR 5.9 million was supported by currency gains of EUR 0.8 million included in finance income
- Net financing costs decreased to EUR 0.9 million from EUR 1.4 million
- Quarterly EBT margin 11.9% in Q1 2017
- Earnings per share (undiluted and diluted) in Q1 2017 of EUR 0.23

## LOANS TO CUSTOMERS



- Net receivables grew by 11.9% y-o-y from EUR 184.3 million as of 31 December 2016 to EUR 206.3 million as of 31 March 2017.
- Loan coverage ratio decreased from 25.4% as of 31 December 2016 to 24.2% as of 31 March 2017 due to improvements in portfolio quality.

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO MARCH 31, 2017

3 months ended March 31

EUR '000	2017 (unaudited)	2016 restated (unaudited)*
Revenue	50,009	33,213
Other income	13	8
Impairments on loans	(17,180)	(9,548)
Operating expenses:		
Personnel expenses	(7,918)	(5,358)
Selling and marketing expenses	(7,877)	(6,724)*
Lending costs	(2,380)	(1,772)
Other administrative expenses	(708)	(465)*
Depreciations and amortization	(667)	(385)
Other operating expenses	(6,441)	(3,775)
<b>Operating profit</b>	<b>6,849</b>	<b>5,193</b>
Finance income	965	0
Finance costs	(1,868)	(1,401)
Finance costs – net	(903)	(1,400)
<b>Profit before income tax</b>	<b>5,946</b>	<b>3,792</b>
Income tax expense	(892)	(455)
<b>Profit for the period</b>	<b>5,054</b>	<b>3,337</b>
Earnings per share, basic	0.23	0.15
Earnings per share, diluted	0.23	0.15
<b>Profit attributable to:</b>		
– owners of the parent company	5,054	3,337
– non-controlling interests	0	0

\*Sales commissions of EUR 1,133 thousand during the three months ended March 31, 2016 were reclassified from Other administrative expenses to Selling and marketing expenses

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	31 Mar 2017 (unaudited)	31 Dec 2016 (audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,781	2,761
Intangible assets	13,746	12,736
Government stocks	11,348	11,450
Deferred income tax assets	3,583	3,480
<b>Total non-current assets</b>	<b>31,458</b>	<b>30,426</b>
<b>Current assets</b>		
Account receivables - consumer loans (net)	206,290	184,346
Other receivables	8,788	7,298
Income tax assets	547	555
Cash and cash equivalents (excluding bank overdrafts)	64,600	73,059
<b>Total current Assets</b>	<b>280,224</b>	<b>265,257</b>
<b>Total assets</b>	<b>311,683</b>	<b>295,683</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(549)	(1,202)
Unrestricted equity reserve	14,708	14,708
Retained earnings	39,297	34,377
<b>Total equity</b>	<b>93,447</b>	<b>87,875</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	73,362	72,246
Other payables	-	-
Deferred income tax liabilities	-	-
<b>Total non-current liabilities</b>	<b>73,362</b>	<b>72,246</b>
<b>Current liabilities</b>	-	-
Income tax liabilities	1,584	1,143
Deposits from customers	118,795	101,436
Borrowings	10,178	18,469
Trade payables	3,475	4,958
Other current liabilities	10,842	9,557
<b>Total current liabilities</b>	<b>144,873</b>	<b>135,563</b>
<b>Total liabilities</b>	<b>218,236</b>	<b>207,809</b>
<b>Total equity and liabilities</b>	<b>311,683</b>	<b>295,683</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

3 months ended March 31

EUR '000	2017 unaudited	2016 unaudited
<b>Cash flows from operating activities</b>		
PROFIT/LOSS FOR THE PERIOD	5,054	3,337
Adjustments for:		
Depreciation and amortization	667	385
Finance costs, net	903	1,400
Tax on income from operations	892	455
Transactions without cash flow	-	(210)
Impairments on loans	17,180	9,548
Working capital changes:		
Increase (-) / decrease (+) in other current receivables	893	(2,939)
Increase (+) / decrease (-) in trade payables and other current liabilities	(1,010)	1,525
Interest paid	(1,086)	(71)
Interest received	-	2
Other financing items	771	52
Income taxes paid	(558)	(315)
<b>Net cash from operating activities before movements in the portfolio and deposits received</b>	<b>23,706</b>	<b>13,171</b>
Deposits received*	17,359	19
Movements in the portfolio:		
Movements in gross portfolio	(25,121)	(24,591)
Fully impaired portfolio write-offs	(14,004)	(0)
<b>Net cash from operating activities</b>	<b>1,940</b>	<b>(11,401)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible and intangible assets	(1,706)	(2,041)
Proceeds from sale of tangible and intangible assets	-	-
Purchase of investments and other assets	(466)	-
<b>Net cash used in investing activities</b>	<b>(2,172)</b>	<b>(2,041)</b>

\*In published Q1 2016 report the Deposits received were included into Proceeds from short-term borrowings in Cash flows from financing activities

EUR '000	2017 unaudited	2016 unaudited
<b>Cash flows from financing activities</b>		
Proceeds from share issue	-	-
Expenses related to share issue	-	-
Proceeds from short-term borrowings	5,013	7,663
Repayment of short-term borrowings	-	-
Proceeds from long-term borrowings	-	150
Repayment of long-term borrowings	(13,500)	-
Dividends paid / distribution of funds	-	-
<b>Net cash used in financing activities</b>	<b>(8,487)</b>	<b>7,813</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(8,719)</b>	<b>(5,629)</b>
Cash and cash equivalents at the beginning of the period	73,059	17,452
Exchange gains/(losses) on cash and cash equivalents	260	(639)
Net increase/decrease in cash and cash equivalents	(8,719)	(5,629)
Cash and cash equivalents at the end of the period	64,600	11,184

## BUSINESS SEGMENTS IN 3M 2017

EUR '000	Microloans	PlusLoans	Credit Limit	SME	Other*	Total
Revenue	13,975	11,294	22,329	2,390	21	50,009
Share in Revenue, %	27.9	22.6	44.6	4.8	0.0	100.0
Directly attributable costs:						
Impairments	(6,498)	(4,201)	(5,898)	(515)	(68)	(17,180)
Marketing	(535)	(2,276)	(4,370)	(680)	(16)	(7,877)
<b>Attributable Product Margin</b>	<b>6,942</b>	<b>4,817</b>	<b>12,061</b>	<b>1,195</b>	<b>(63)</b>	<b>24,951</b>
Attributable Product Margin, %	49.7	42.7	54.0			
Non-directly attributable costs:						
Personnel expenses	(2,130)	(1,722)	(3,404)	(364)	(298)	(7,918)
Lending costs	(665)	(538)	(1,063)	(114)	-	(2,380)
Other administrative expenses	(173)	(140)	(277)	(30)	(89)	(708)
Depreciation and amortization	(137)	(111)	(219)	(23)	(177)	(667)
Other operating income and expenses	(1,622)	(1,311)	(2,592)	(277)	(625)	(6,428)
<b>Total Non-directly attributable costs</b>	<b>(4,728)</b>	<b>(3,821)</b>	<b>(7,554)</b>	<b>(809)</b>	<b>(1,190)</b>	<b>(18,102)</b>
<b>Operating profit</b>	<b>2,214</b>	<b>996</b>	<b>4,506</b>	<b>386</b>	<b>(1,253)</b>	<b>6,849</b>
Gross Product Margin, %	15.8	8.8	20.2			
Unallocated finance income						965
Finance expenses	(234)	(528)	(882)	(180)	(5)	(1,830)
Unallocated finance expense						(39)
Finance costs, net	(234)	(528)	(882)	(180)	(5)	(903)
<b>Profit before income tax</b>	<b>1,980</b>	<b>467</b>	<b>3,624</b>	<b>206</b>	<b>(1,258)</b>	<b>5,946</b>
Net Product Margin, %	14.2	4.1	16.2			
Accounts receivable – loans to customers	26,375	59,587	99,442	20,313	573	206,290
Unallocated assets						105,393
Unallocated liabilities						218,236

\*Includes Mobile Bank, FerBuy and Ferratum P2P

## BUSINESS SEGMENTS IN 3M 2016

EUR '000	Microloans	PlusLoans	Credit Limit	SME	Other*	Total
Revenue	13,426	5,458	13,823	476	30	33,213
Share in Revenue, %	40.4	16.4	41.6	1.4	0.1	100.0
Directly attributable costs:						
Impairments	(4,189)	(1,935)	(3,240)	(132)	(52)	(9,548)
Marketing	(2,132)	(1,241)	(2,832)	(306)	(213)	(6,724)
<b>Attributable Product Margin</b>	<b>7,106</b>	<b>2,281</b>	<b>7,750</b>	<b>39</b>	<b>(235)</b>	<b>16,941</b>
Attributable Product Margin, %	52.9	41.8	56.1			
Non-directly attributable costs:						
Personnel expenses	(2,069)	(841)	(2,130)	(73)	(245)	(5,358)
Lending costs	(717)	(291)	(738)	(25)	-	(1,772)
Other administrative expenses	(185)	(75)	(191)	(7)	(7)	(465)
Depreciation and amortization	(110)	(45)	(113)	(4)	(114)	(385)
Other operating income and expenses	(1,323)	(538)	(1,362)	(47)	(498)	(3,768)
<b>Total Non-directly attributable costs</b>	<b>(4,404)</b>	<b>(1,790)</b>	<b>(4,534)</b>	<b>(156)</b>	<b>(864)</b>	<b>(11,748)</b>
<b>Operating profit</b>	<b>2,702</b>	<b>491</b>	<b>3,216</b>	<b>(117)</b>	<b>(1,099)</b>	<b>5,193</b>
Gross Product Margin, %	20.1	9.0	23.3			
Unallocated finance income						0
Finance expenses	(242)	(230)	(499)	(35)	(1)	(1,008)
Unallocated finance expense						(393)
Finance costs, net	(242)	(230)	(499)	(35)	(1)	(1,400)
<b>Profit before income tax</b>	<b>2,459</b>	<b>261</b>	<b>2,717</b>	<b>(152)</b>	<b>(1,100)</b>	<b>3,792</b>
Net Product Margin, %	18.3	4.8	19.7			
Accounts receivable – loans to customers	29,301	27,836	60,330	4,174	160	121,801
Unallocated assets						30,587
Unallocated liabilities						71,909

\*Includes Mobile Bank, FerBuy and Ferratum P2P

## REVENUE DOMESTIC

EUR '000	Jan – Mar 2017	Jan – Mar 2016
Revenue, international	40,606	25,492
Revenue, domestic	9,403	7,721
<b>Total revenue</b>	<b>50,009</b>	<b>33,213</b>

## REVENUE OF BUSINESS SEGMENTS GEOGRAPHICALLY

In addition to operating segments represented by different types of products the management of Ferratum continues analysis of revenue by geographical principle. All the countries where the Group has operating activities are combined into the following four regions: Region 1, Region 2, Region 3 and Region 4. The detailed list of countries within each region together with the total regions' revenues for the three months ended March 31, 2017 and the three months ended March 31, 2016 are presented in the following table.

EUR '000	Jan – Mar 2017	Jan – Mar 2016
<b>Region 1</b> Finland, Sweden, Denmark, Norway	18,972	13,285
<b>Region 2</b> Netherlands, UK, New Zealand, Australia, Canada	10,834	4,796
<b>Region 3</b> Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Russia	13,000	10,461
<b>Region 4</b> Bulgaria, Romania, Croatia, Spain, Germany, France, Mexico	7,203	4,671
<b>Total revenue</b>	<b>50,009</b>	<b>33,213</b>

## FINANCE INCOME

EUR '000	Jan – Mar 2017	Jan – Mar 2016
Interest income from cash and cash equivalents	123	0
Derivatives held for trading – net gain / (loss)		
Foreign exchange gain, realized	842	
<b>Total finance income</b>	<b>965</b>	<b>0</b>

## FINANCE COSTS

EUR '000	Jan – Mar 2017	Jan – Mar 2016
Interest on borrowings	(1,830)	(1,008)
Derivatives held for trading – net gain / (loss)	22	(43)
Other finance expenses paid on borrowings	(61)	(12)
Foreign exchange loss on liabilities, realized		(338)
<b>Total finance costs</b>	<b>(1,868)</b>	<b>(1,401)</b>

## ACCOUNTS RECEIVABLE - LOANS TO CUSTOMERS

EUR '000	31 Mar 2017	31 Dec 2016
Accounts receivable - loans to customers (gross)	272,131	247,010
Less: provision for impairment of loan receivables	(65,841)	(62,664)
<b>Accounts receivable - loans to customers (net)</b>	<b>206,290</b>	<b>184,346</b>

The Group does not have a material amount of individually impaired loan receivables. The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

EUR '000	31 March 2017				31 December 2016			
	GBV*	Provision for impairment	NBV**	ILCR***, %	GBV*	Provision for impairment	NBV**	ILCR***, %
Current	172,627	(8,190)	164,437	4.7	153,394	(7,309)	146,085	4.8
1-90 days due	25,422	(6,892)	18,530	27.1	20,683	(5,359)	15,324	25.9
91-180 days due	18,240	(8,100)	10,140	44.4	14,736	(6,597)	8,139	44.8
>181 days due	55,842	(42,659)	13,183	76.4	58,197	(43,400)	14,797	74.6
<b>Total</b>	<b>272,131</b>	<b>(65,841)</b>	<b>206,290</b>	<b>24.2</b>	<b>247,010</b>	<b>(62,664)</b>	<b>184,346</b>	<b>25.4</b>

\*Gross book value

\*\*Net book value

\*\*\*Impaired loan coverage ratio

The Group uses an allowance account to recognize the impairment losses on loans to customers. Reconciliation of movements in the allowance account is as follows:

EUR '000	Jan – Mar 2017	Jan – Mar 2016
Provision for impairment on January 1	(62,664)	(49,131)
Impairments on loans	(17,180)	(9,548)
Amounts fully reserved and booked out	14,004	0
<b>Provision for impairment on March 31</b>	<b>(65,841)</b>	<b>(58,679)</b>



# Ferratum™

More than money **to everyone**

## **Ferratum Group**

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