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Ferratum Oyj: Ferratum Group continues the growth path in Q1 2019

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Ferratum Group continues the growth path in Q1 2019

Helsinki, 16 May 2019 - Ferratum Oyj (ISIN: FI4000106299, WKN: A1W9NS) ("Ferratum" or the "Group") announces preliminary unaudited results for the 3 months ended 31 March 2019 ("Q1 2019").

Financial Highlights

- Revenue in Q1 2019 were y-o-y up by 19.1% to EUR 73.2 million - largely driven by an excellent revenue performance of the Credit Limit product
- EBIT in Q1 2019 stood at EUR 9.7 million (margin: 13.3%; Q1 2018: EUR 10.0 million; all Q1-Q3 2018 figures refer to restated numbers) - impacted by higher movements of loan impairments which relate to record loan sales in SME and delayed effects from consumer lending activities in Q4 2018, especially in the PlusLoan segment

Operational Highlights

- Net book value of loan portfolio q-o-q up 8.5% to EUR 347.7 million (31 December 2018: EUR 320.5 million)
- Strong growth momentum in SME loan volume which increased by 27.4% to EUR 62.1 million, compared to 31 December 2018, reflecting 17.8% of total net loan value (Q4 2018: 15.1%)
- Loan coverage ratio stable at 32%
- Customer deposits stable with FY 2018 EUR 182.7 million (31 December 2018: EUR 183.4 million)

2019 Outlook

- For the fiscal year 2019 the Board confirms its estimates that operating profit (EBIT) will exceed EUR 45 million

	3 months ended	
	31 March	
<i>Key Figures, EUR million</i>	Q1 2019	Q1 2018 (restated)
<i>Revenue</i>	73.2	61.4
<i>Operating profit (EBIT)</i>	9.7	10.0
<i>Profit before tax</i>	6.2	6.5
<i>Profit before tax %</i>	8.5%	10.6%
<i>Earnings per share, basic (EUR)</i>	0.24	0.26
<i>Earnings per share, diluted (EUR)</i>	0.25	0.25

Solid revenue performance in Q1 2019

Ferratum Group delivered further revenue growth of 19.1% in Q1 2019 to EUR 73.1 million y-o-y, largely driven by the Credit Limit product. Revenue for Ferratum's flagship product increased by +33.9% y-o-y to EUR 38.7 million, contributing with 52.9% to Group revenues (Q1 2018: 47.0%).

EBIT in Q1 2019 stood at EUR 9.7 million (margin: 13.3%; Q1 2018: EUR 10.0 million) and was impacted by higher movements of loan impairments which increased y-o-y 51% to EUR 28.7 million. The movements relate to record loan sales in SME in Q1 2019 delayed effects from consumer lending activities in Q4 2018, especially in the PlusLoan segment. SME loan volumes grew by 27.4% to EUR 62.1 million by the end of Q1 2019 (end of Q4 2018: EUR 48.7 million). As of 31 March 2019, the SME net loan portfolio value reflected 17.8% of Ferratum's total net loan value (31 December 2018: 15.1%).

Profit for the period came in at EUR 5.2 million (Q1 2018: EUR 5.5 million), following the EBIT development.

Overall, in Q1 2019 the Group equity increased by 4.2% to EUR 111.9 million from EUR 107.4 million as of 31 December 2018. The net debt to equity ratio stood at 2.83 at the end of Q1 2019, being impacted by the implementation of IFRS16. Net receivables from customers grew by 8.5 % to EUR 347.7 million in Q1 2019 from EUR 320.5 million in FY 2018, mainly driven by Ferratum's Credit Limit and SME product and by increasing average loan values of all strategic product categories.

Key business developments

Ferratum has further expanded its operations of Ferratum Business to Poland in January. Ferratum Business is the offering of the Group for small and medium size enterprises (SME's). The offering in Poland provides SME's with the possibility of invoice financing, a new concept to the Group with excellent potential and opportunities to leverage it to further markets.

The expansion to Poland marks the ninth country of operation for the SME business unit, which has been launched in 2015.

The new IT platform, the Ferratum Operating System (FerraOS), has after a successful launch in New Zealand in October 2018 and thorough testing of all functionalities of it, been also introduced to Sweden during March 2019. The new platform roll-out is part of the ongoing Smart IT program and builds the next generation IT foundation, on which the Group can further expand its business on, including its own and partner's offering.

As a subsequent event and part of the new platform roll-out, the Group has launched its Prime Loan offering in Sweden in April, marking the third country that this product is offered in. The Group plans to introduce the new platform to all countries of operation in the mid-term.

Rating updates

The Group received a new BB- rating from Fitch Ratings in March 2019 and the same BB- rating was given to the latest bond (ISIN: SE0012453835) in April. The Rating is assigned at holding company level based on Ferratum's consolidated financial statements, which include Ferratum Bank p.l.c. Ferratum's LTIDR is based on Fitch's standalone assessment of the Group. In April, Creditreform AG, a German credit rating agency, issued the Group a rating of BBB-/stable.

Confirmation of the outlook for 2019

For the fiscal year 2019 the Board confirms its estimates that operating profit (EBIT) will exceed EUR 45 million.

Ferratum Oyj bases this guidance on certain assumptions, including:

- Consumer credit volumes continue to grow, exceeding the market average, based on new customers, continued diversification of consumer lending products and growth in new markets
- Moderate expectations on the 2019 contribution of new revenue streams from partnerships and mobile bank innovations
- Ferratum Business (SME) continues to grow as market share in the 9 existing markets is small and expected to increase
- No material negative changes in the consumer and business credit markets
- Stable capital market conditions
- No unexpected significant new regulatory challenges or changes

Subsequent events after period end

Beginning of the second quarter, Ferratum successfully placed EUR 80 million of new senior unsecured bonds to refinance the Group's outstanding bonds maturing in June 2019 (EUR 25 million in total, issued by Ferratum Capital Germany GmbH, a subsidiary of Ferratum Oyj) and to finance continued growth of the Group. The new senior unsecured bonds have a coupon of 3 months Euribor plus 5.50 per cent p.a. and a tenor of four years. The bonds shall be listed on Nasdaq Stockholm and at Frankfurt Stock Exchange Open Market with ISIN: SE0012453835.

During the Annual General Meeting held in Helsinki on 17 April 2019, shareholders approved the payment of a final dividend of EUR 0.18 per share to the total of EUR 3.883.997 for the financial year 2018. After payment of dividends in April 2019, the distributable equity of the parent company stood at EUR 42.817.249. No dividends were paid to the own shares held by the company (0.67% of total share capital).

In April, Pieter van Groos was nominated as the new Ferratum Bank CEO and to lead the consumer lending business of the Group as one function. The appointment of Pieter van Groos is subject to approval from the Malta Financial Services Authority ("MFSA"). Pieter van Groos is succeeding Jussi Mekkonen as Bank CEO, who left Ferratum at the end of February 2019. Pieter has a strong international performance track record in banking, industry, management consulting, financial services and private equity from over 30 years, including senior roles at Exxon-Mobil, McKinsey & Company, General Electric and most recently as CEO of Techpilot.

Juhani Vanhala, a Group Board member since the Group's foundation in 2005, has been appointed Chairman of the Board, succeeding Pieter van Groos. Juhani has extensive experience in senior management and Board positions and is an experienced platform strategist, making him a key contributor in guiding Ferratum on its journey in building its global financial platform. Juhani Vanhala works as part time senior advisor for Empower Group, Valor and Mantec and serves on

the Boards of Vahanen International Oy, The Corporation Oy, GordionPro Oy and as Chairman of the Board of Fira Group Oy and Workspace Oy.

As of April, Klaus Schmidt has joined Ferratum as interim Chief Marketing Officer of the Group. Klaus Schmidt is a very experienced and successful marketing professional, with more than 20 years in executive positions in international retail banking. As Chief Marketing Officer, he has successfully led marketing operations for ING DiBa in Germany and Austria and led the expansion to various international markets for Bausparkasse, the largest German housing bank.

About Ferratum Group:

Ferratum Group is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. Founded in 2005 and headquartered in Helsinki, Finland, Ferratum has expanded rapidly to operate in 25 countries across Europe, Africa, South and North America and the Asia-Pacific region.

As a pioneer in digital and mobile financial services technology, Ferratum is at the forefront of the digital banking revolution. Ferratum's mobile bank, launched in 2016, is an innovative mobile banking platform offering a range of banking services, including real time digital payments and transfers, within a single app. It is currently available in five European markets. Ferratum has approximately 794,000 active customers that have an open Mobile Bank account or an active loan balance in the last 12 months (as at 31 March 2019).

Ferratum Group is listed on the Prime Standard of Frankfurt Stock Exchange under symbol 'FRU.' For more information, visit www.ferratumgroup.com.

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