

>EF

# Vostok Emerging Finance



Q2 and 1H17 results presentation

## Q2 and 1H17 financial highlights

- **Positive net result for 2Q17:**
  - ✓ Q217 was USD 7.6 mln and EPS was USD 0.0039
  - ✓ 1H17 was USD 14.7 mln and EPS was USD 0.022
- The positive net result over the first six months was primarily driven by the revaluation of REVO/Sorsdata coupled with a positive share price development in Tinkoff
- **Net Asset Value:**
  - ✓ Grew to USD 159.2 mln (151.5 mln at end of Q117 and 144.3 as at 31 December 2016) or USD 0.24 per share, as at 30 June 2017.
  - ✓ NAV continued to grow to USD 168.7 mln or USD 0.25 per share as at 31 July 2017

## 1H17: Income Statement

(USD thousands)	1H17	1H16	2Q17	2Q16
Results from financial assets at fair value	14, 573	12,735	7,005	10,211
Dividend and coupon income	1,395	1,353	1,316	1,279
<b>Total Operating Income</b>	<b>15,968</b>	<b>14,088</b>	<b>8,321</b>	<b>11,490</b>
Operating expenses	-1,765	-831	-1,060	-458
<b>Operating result</b>	<b>14,203</b>	<b>13,257</b>	<b>7,261</b>	<b>11,032</b>
Net financial items	477	-30	362	-255
<b>Result before tax</b>	<b>14,680</b>	<b>13,227</b>	<b>7,623</b>	<b>10,777</b>
Taxation	-	-	-	-
<b>Net result for the period</b>	<b>14,680</b>	<b>13,227</b>	<b>7,623</b>	<b>10,777</b>

## 1H17: Balance Sheet

(USD thousands)	June 30, 2017	June 30, 2016	December 31, 2016
Financial non-current assets	147,548	72,082	120,155
Current assets	12,116	36,748	24,998
<b>Total assets</b>	<b>159,664</b>	<b>108,857</b>	<b>145,182</b>
Equity	159,231	108,770	144,326
Trade payables	–	11	–
Other current liabilities	225	40	732
Accrued expenses	208	36	124
<b>Total equity and liabilities</b>	<b>159,664</b>	<b>108,857</b>	<b>145,182</b>

## Q217 Event highlights









### ▪ Investments in the quarter:

- ✓ FinanZero – Led a USD 0.5 mln internal bridge round
- ✓ Finja – Finalised our USD 1 mln investment as part of a larger funding round
- ✓ Nibo – Invested USD 3.3 mln into a fast growth Brazilian Accounting Saas play
- ✓ TransferGO – Invested an additional USD 2,9 mln through a two-year convertible loan note

### ▪ Events after the end of period

- ✓ New chief counsel, Helena Caan Mattsson joined the team
- ✓ Sale of 1,075,000 Tinkoff GDRs over two separate trades, corresponding to approximately 17% of the position, yielding a total of USD 13 mln

## Portfolio

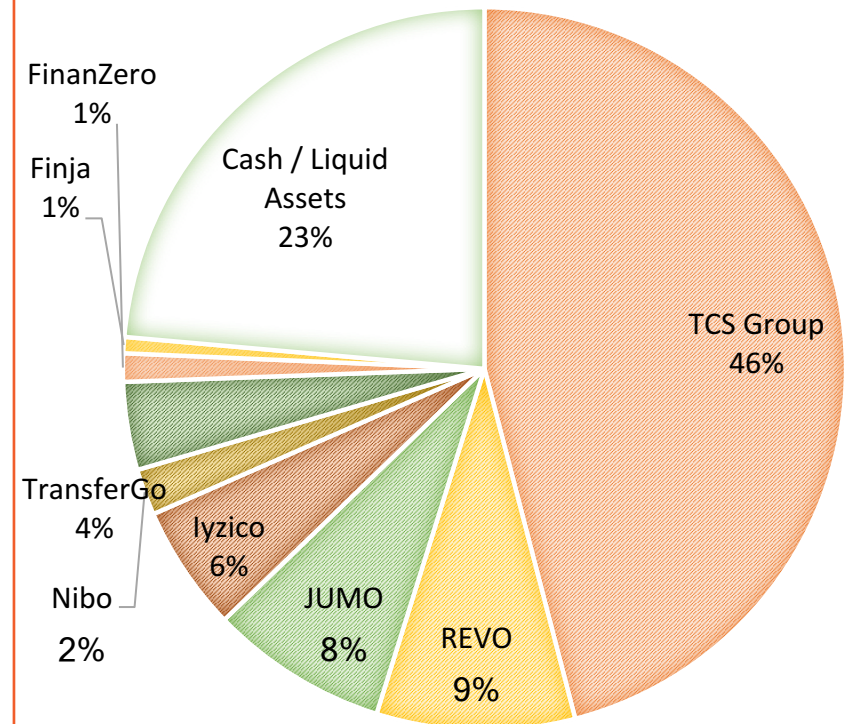
<u>Company</u>	<u>Geography</u>	<u>Business Type</u>	<u>% Ownership</u>	<u>30 June '17 Fair Value (\$)</u>	<u>Investment Year</u>
 Tinkoff	Russia	Digital Bank	3.5%	73 367 631	2007
 pebco+	Russia	Payments & Consumer Credit	25.0%	14 151 131	2015
 JUMO	Africa	Mobile Money Marketplace	7.6%	12 705 768	2015
 iyzico easy payment	Turkey	Payment Processing	20.9%	9 000 000	2017
 nibo	Brazil	Accounting SaaS	15.4%	3 299 998	2017
 transferGo	Emerging Europe	Cross-border Remittances	9.8%	6 282 098	2016
 FinanZero com.br	Brazil	Consumer Credit Marketplace	23.8%	2 019 316	2016
 FINJA	Pakistan	Mobile Wallet	22.87%	1 151 494	2016
>EF Vostok Emerging Finance				<b>121 977 435</b>	

## Portfolio commentary

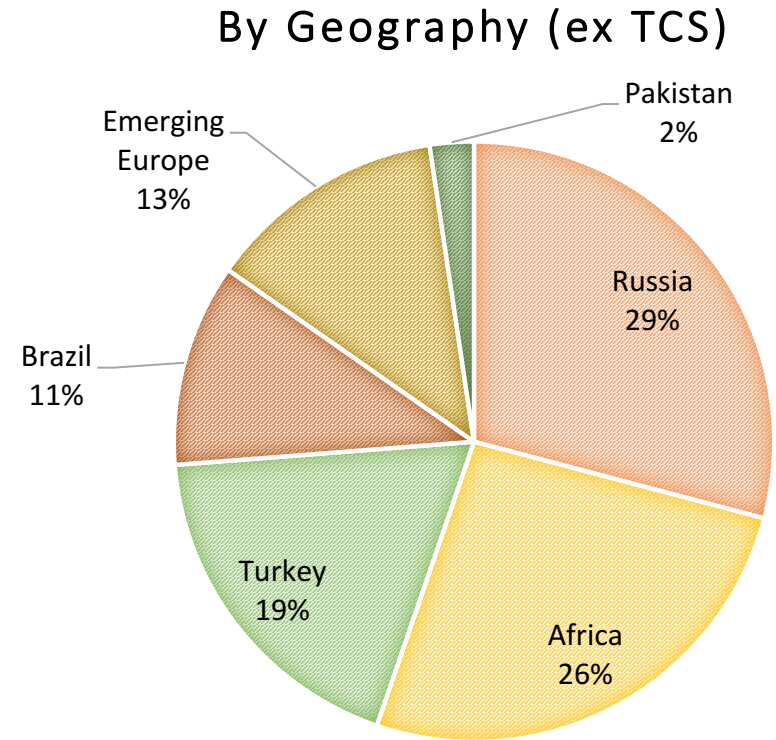
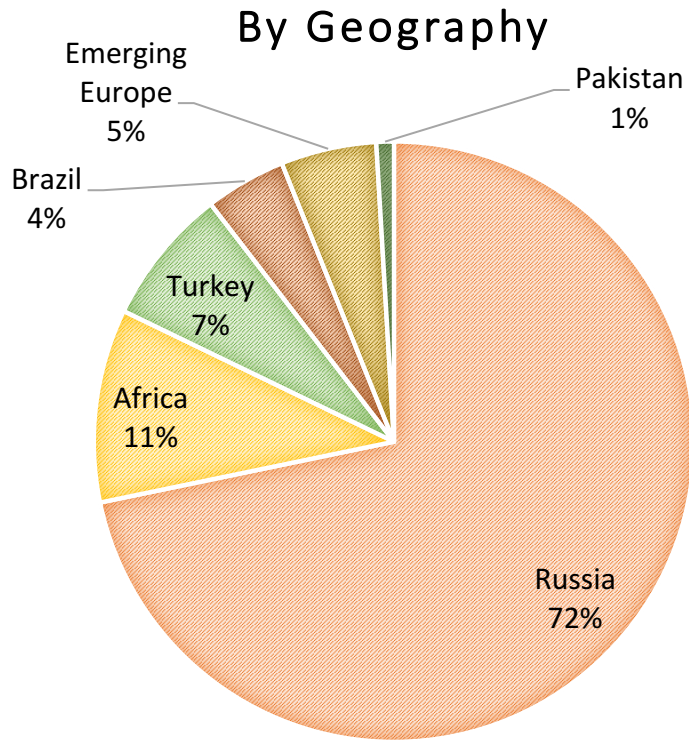
- We have 8 holdings in the portfolio today plus cash and liquid assets
- TCS is our largest holding while there is a clear divide between our 4 larger and 4 smaller holdings today
- Strong cash position (USD 37.7 mln) is a key strength of our business and leaves us well positioned
- We would expect the number of holdings to grow and their relative size to grow over time

### VEF Portfolio as at June 30, 2017

NAV: USD 159.2mn

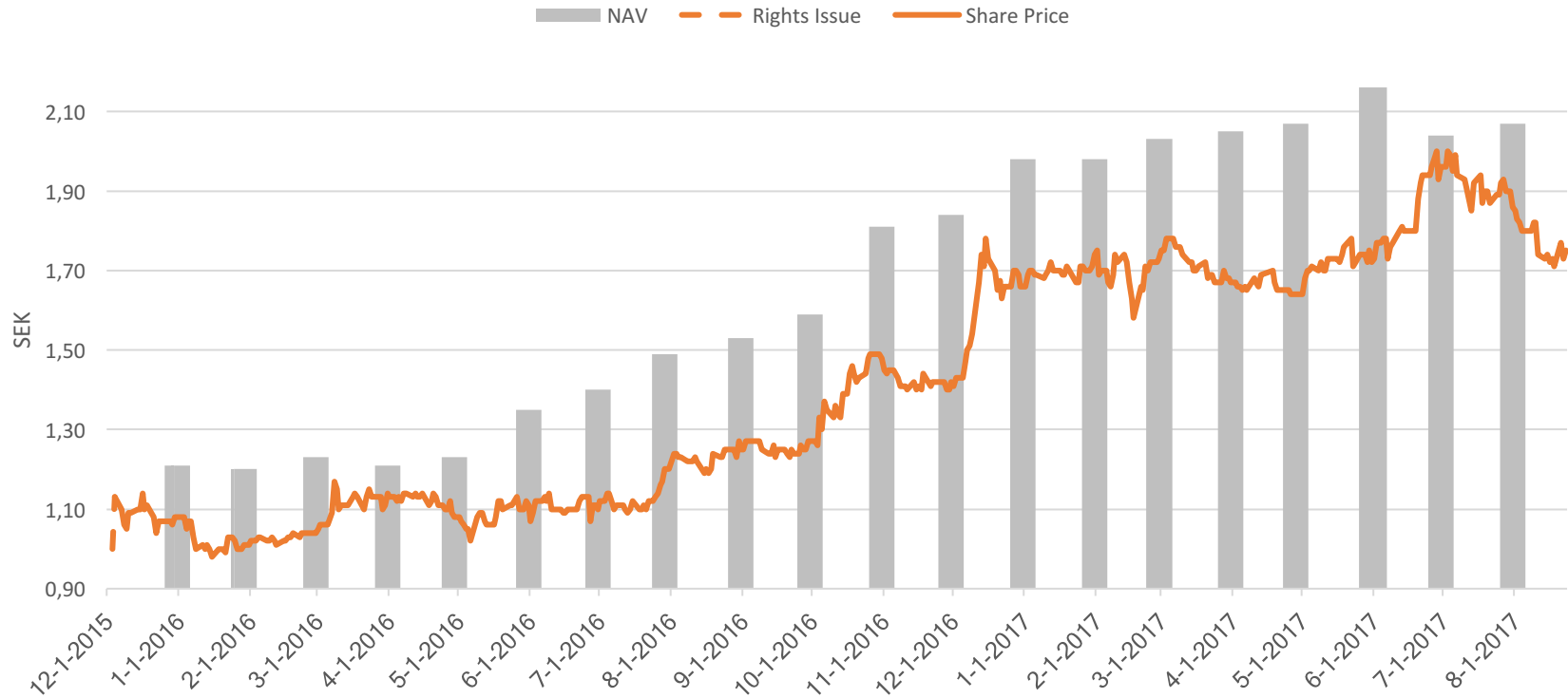


## Portfolio Distribution (ex cash)





## VEF share price and NAV evolution



Date	Latest Share Price (SEK)	NAV / Share (SEK)	Discount	NAV (USD mn)	Market Cap (SEK mn)	Market Cap (USD mn)
23/08/2017	1.75	2.07	15.5%	168.7	1,230.4	142.3

## VEF shareholder structure

Owner	Largest Shareholders	
	Holding, SDRs	Holding, %
Libra Fund	154,126,431	23.3%
Fidelity FMR	66,149,599	10.0%
Fidelity FIL	60,248,714	9.1%
Swedbank Robur Funds	57,674,245	8.7%
Alecta Pension Insurance	33,500,000	5.1%
Ruane Cunniff	32,967,270	5.0%
Bank Julius Baer & Co	18,354,000	2.8%
LGT Bank	18,111,000	2.7%
Wellington Management	16,307,121	2.5%
Svenska Handelsbanken AB	15,288,000	2.1%
<b>Largest owners</b>	<b>472,726,380</b>	<b>71.5%</b>
<b>Total</b>	<b>661,495,995</b>	<b>100.00%</b>

*“Investing in leading fintech companies across emerging markets”*

**Geography**

Within emerging and frontier markets, we focus on the more populous and scalable markets cross referenced against competition for opportunities

**Sector**

We target all lines of financial services inclusive of payments, remittances, mobile money, digital banks, financial marketplaces and consumer/SME credit

**Minority stakes and board seat**

VEF targets sizeable minority stakes of 10–20% with board representation where appropriate. We focus on equity investing, but have an ability to invest across the capital spectrum

**Private equity access vehicle**

While VEF itself is a listed investment company, our mandate is focused on investing in emerging private companies

**Unique Fintech Investment**

There are very few ways to play the growing fintech investment theme in public markets. VEF is a unique asset in this regard.

## Where Emerging Markets meet fintech

### CREDIT

Consumer  
SME  
P2P  
Credit Scoring

### PAYMENTS


Offline  
Online  
Mobile  
Remittances

### OTHER

Saas  
Wealth Management  
Digital Banks  
Equity Crowdfunding  
Comparison Websites  
Qualified Leads  
Insurance

Created post Vostok Nafta split

Vostok Nafta Investment Ltd



(1997–2015)



VO NE VE  
ST W NT  
OK UR  
ES

VNV portfolio



(2015+)



>EF  
Vostok Emerging Finance

VEF portfolio



(2015+)

**Ranjan Tandon**

**Board Member**

- Experience:
- Founder and Chairman, Libra Advisors
  - Merrill Lynch, DCM, Halliburton

**Per Brillioth**

**Board Member**

- Experience:
- MD of Vostok New Ventures
  - Chairman of Pomegranate AB
  - EM investing 22 yrs

**Lars O Grönstedt**

**Chairman of the Board**

- Experience:
- Chairman and MD of Handelsbanken
  - Vice Chairman of Swedish National Debt Office

**Milena Ivanova**

**Board Member**

- Experience:
- Renaissance Capital Deputy Head of Research
  - UniCredit Markets & Investment Banking

**Voria Fattahi**

**Board Member**

- Experience:
- Investment Director at Volati AB
  - Investment AB Kinnevik
  - Apax Partners

**David Nangle**

**Managing Director and Board Member**

- Experience:
- Renaissance Capital Head of Research and Fin. Sector Research
  - ING Barings Head of EMEA Financials Research

**Board of Directors**

**Management**

Alexis Koumoudos

**Senior Associate**

Henrik Stenlund

**CFO/COO**

Anahita Zafari

**Deputy CFO**

Helena Caan Mattsson









**General Counsel**

Investment team/IR

Finance & Legal

# *The Portfolio*

## Portfolio

<u>Company</u>	<u>Geography</u>	<u>Business Type</u>	<u>% Ownership</u>	<u>30 June '17 Fair Value (\$)</u>	<u>Investment Year</u>
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## Tinkoff Bank



### Key Facts

- **Business Type:** Digital Banking
- **Founded:** 2006 **Year of investment:** 2007
- **Ownership Stake:** 3.5%
- **Key region:**

1 A market still dominated by old world financial institutions, but with Europe's largest online population

2 The number 1 fintech and digital banking play in Russia

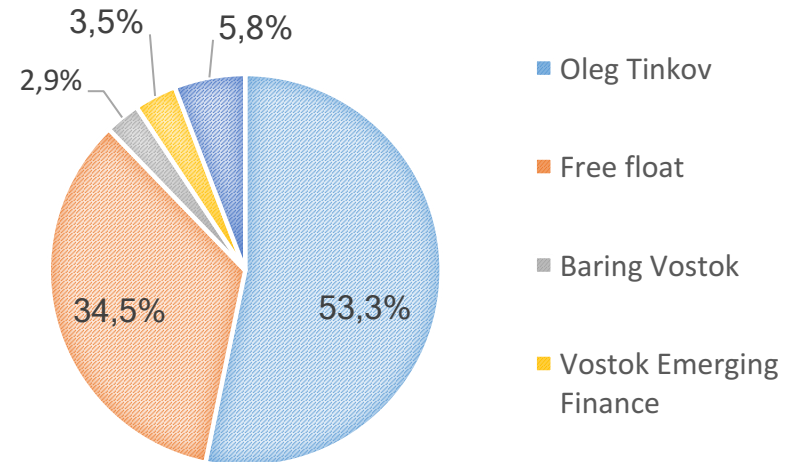
3 Continues to innovate, diversify and broaden product suite

4 Consistency of a strong deep management bench

5 Track record of growth and significant profitability

### Recent highlights

- # of current account customers passed 2m during Q117
- ROAE at 42.8% for Q217
- A new dividend policy announced, targeting quarterly payout of 50% of previous quarter's net income



Source: TCS (June 30, 2016)

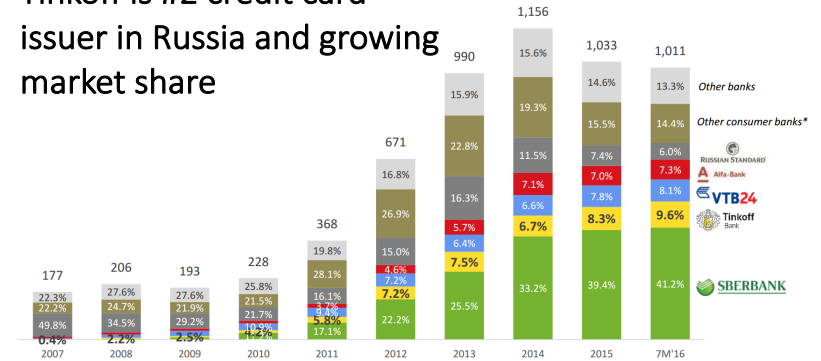
## Tinkoff Bank



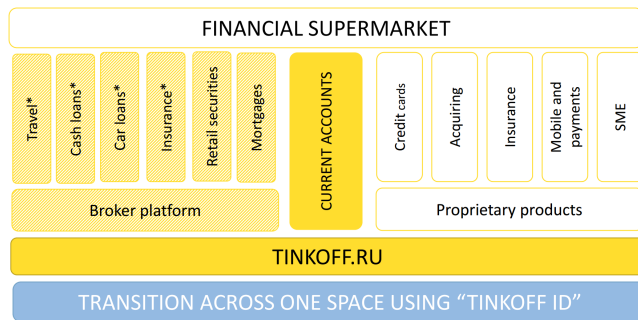
Major changes in Russian retail finance, driven by:

- Economic situation
- The regulator
- New technology

Tinkoff is #2 credit card issuer in Russia and growing market share



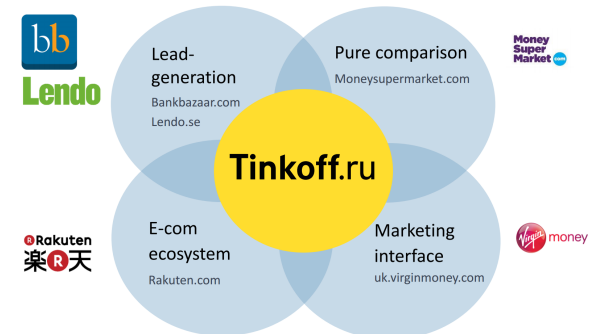
### Tinkoff.ru – the concept



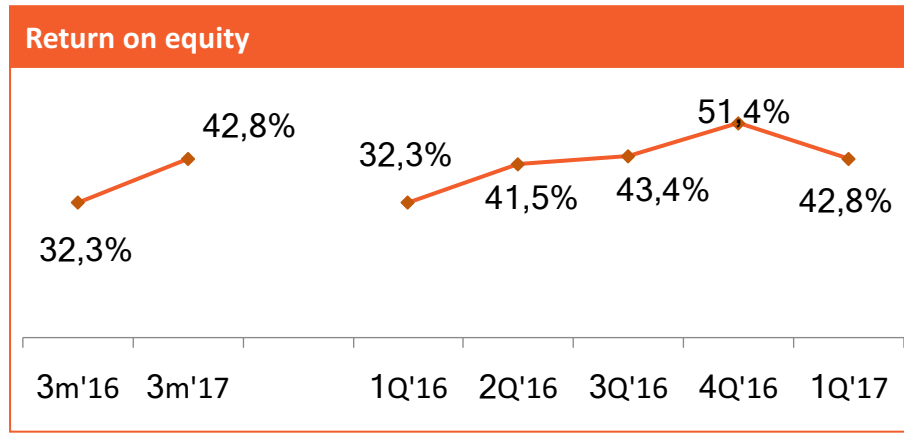
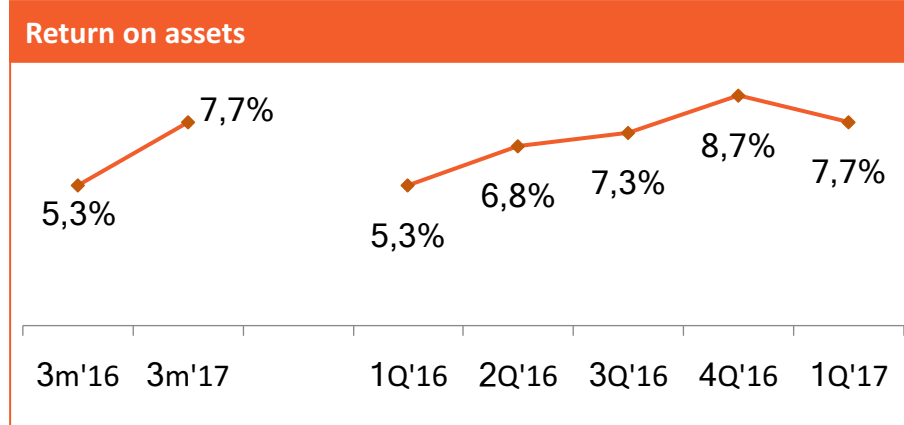
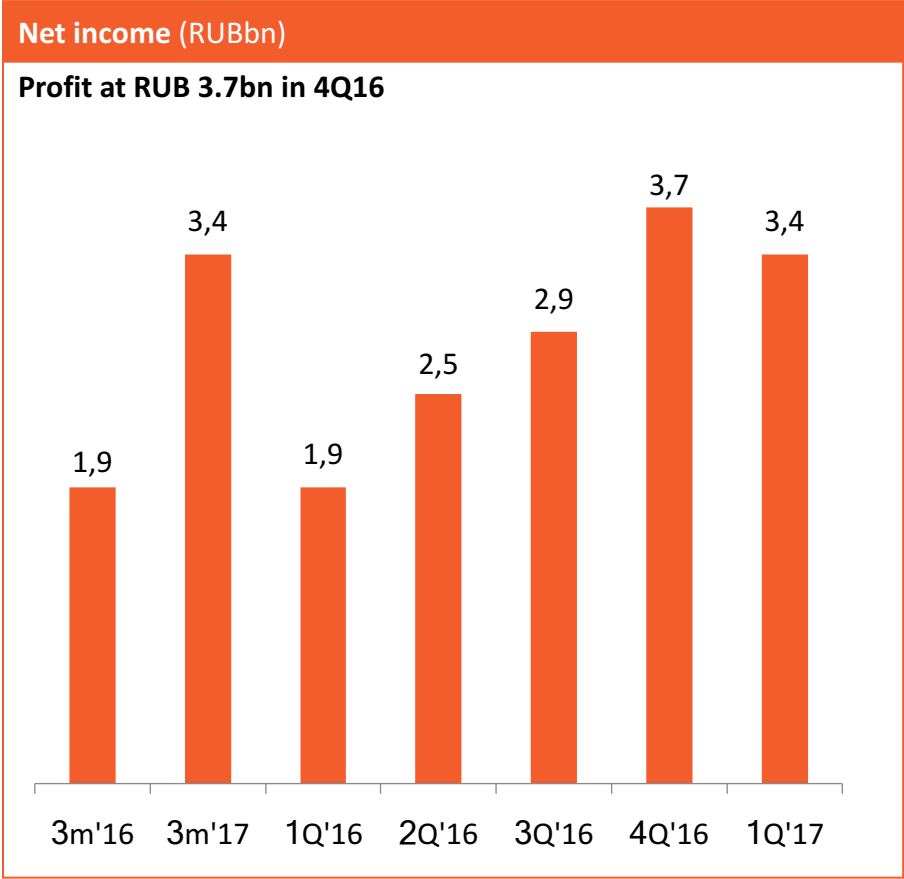
### Unique Opportunity:

- Smoothen cyclical of credit business
- Add non-credit revenue
- Create financial ecosystem to better serve customers

### Tinkoff.ru – the concept



Tinkoff Bank



## REVO



### Key Facts

- **Type:** Merchant payments / consumer credit
- **Founded:** 2012 **Year of investment:** 2015
- **Ownership Stake:** 25%
- **Key region:**

1 Works with Russia's on and offline merchants at POS to increase conversion and basket size

2 Focus on small ticket categories with \$100bn of annual sales and growing

3 Provides instant pay later solutions for the consumer

4 Customer data leveraged for direct marketing, promotion and loyalty programs

5 Similar to offline pay-later solutions in Turkey/Brazil and online solution of Affirm (US)

### Key Merchant Partners

AVON



Детский мир

INCITY

МОИРО

MELON  
FASHION GROUP

lamoda

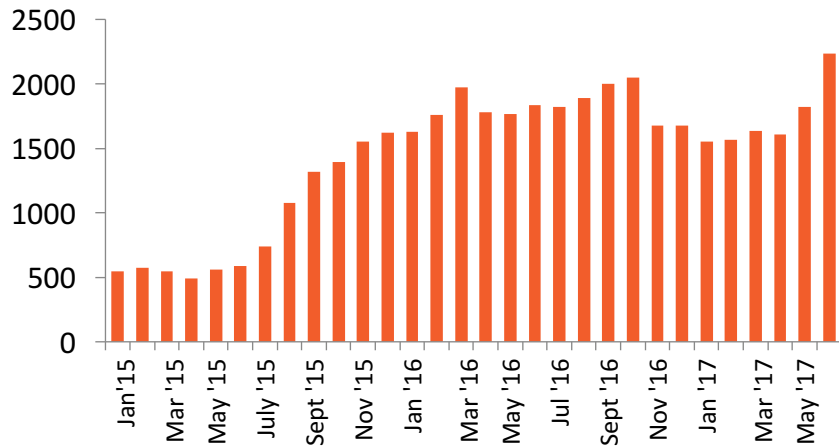
УТКОНОС  
ИНТЕРНЕТ-ГИПЕРМАРКЕТ

kari

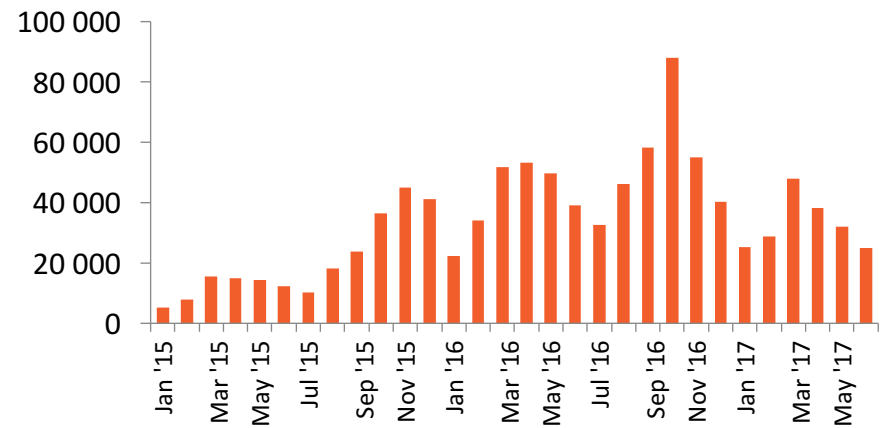
PayU

Metrics	Dec 2014	Dec 2015	Dec 2016	June 2017
No. of active stores	572	1,623	1,970	2,235
No. of installments granted	9,969	41,217	51,774	24,885
Avg. installment plan (Rub)	3,852	4,103	4,225	4,718
Avg. duration of installment plan (months)	4.9	4.6	4.7	4.6
Avg. APR of installment plans	84%	96%	95.3%	64.0%

Connected stores, #



Monthly installment plans issued, #



JUMO



**Key Facts**

- **Type:** Mobile Money Marketplace
- **Founded:** 2013 **Year of investment:** 2015
- **Ownership Stake:** 7.6%
- **Key region:**

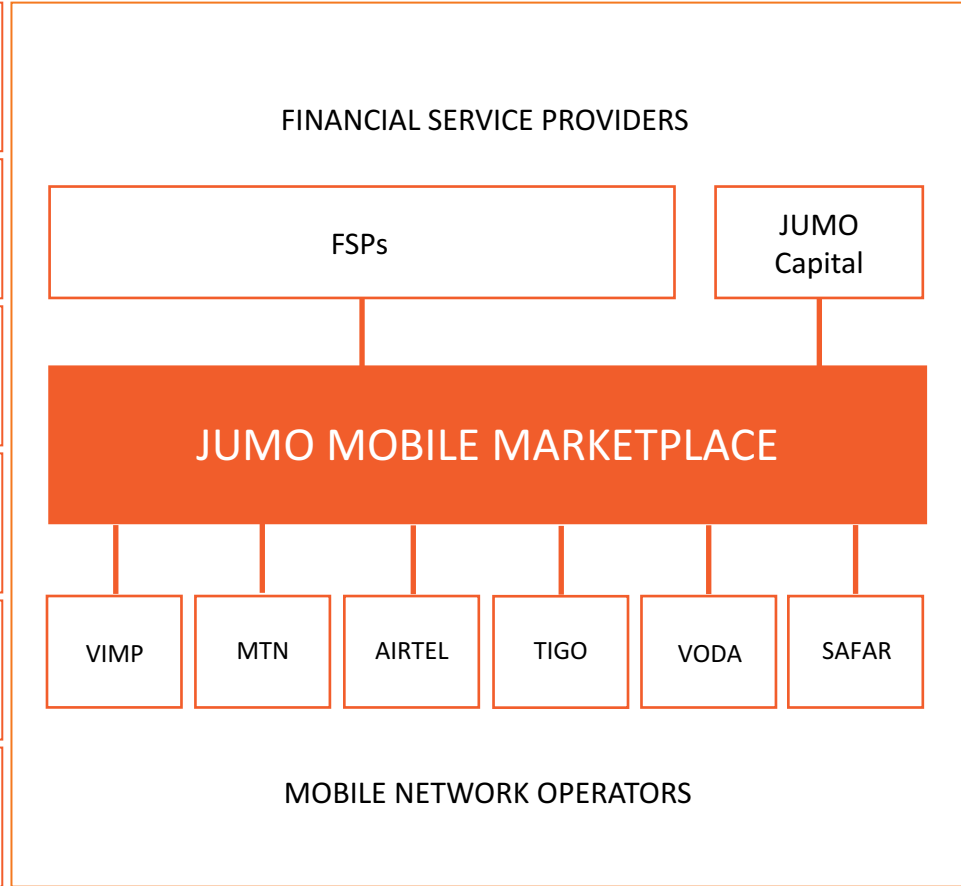
1 Mobile money marketplace for individuals and small businesses

2 Focus on key mobile money markets of Africa and beyond

3 Marketplace works with MNOs and their client bases on one side and connects in FSPs and their product suite on the other

4 Delivered over 8mn loans to 3mn unique customers to date

5 Very strong and deep management bench



lyzico

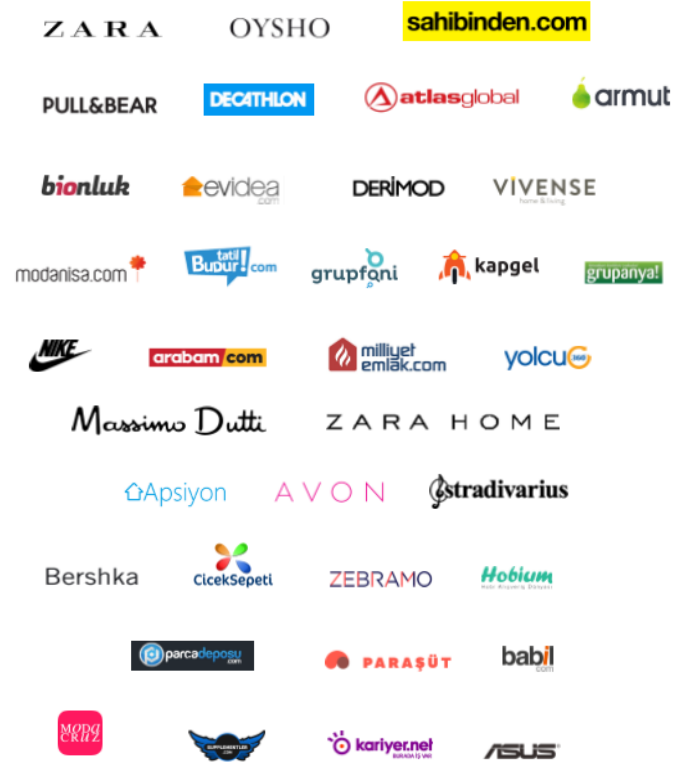


Key Facts

- **Type:** Payment Processor
- **Founded:** 2012 **Year of investment:** 2017
- **Ownership Stake:** 20%
- **Key region:**

- 1 Leading Turkish payment solution provider for online retailers
- 2 Has over 8,500 live merchants and 160,000 seller accounts under marketplaces
- 3 Turkey is Europe's largest consumer card market that remains under-penetrated in online payments
- 4 Proven model seen scale and succeed in other markets
- 5 Founding team have a successful track record and experience at global leaders in the space

Key Merchant Partners



TransferGo

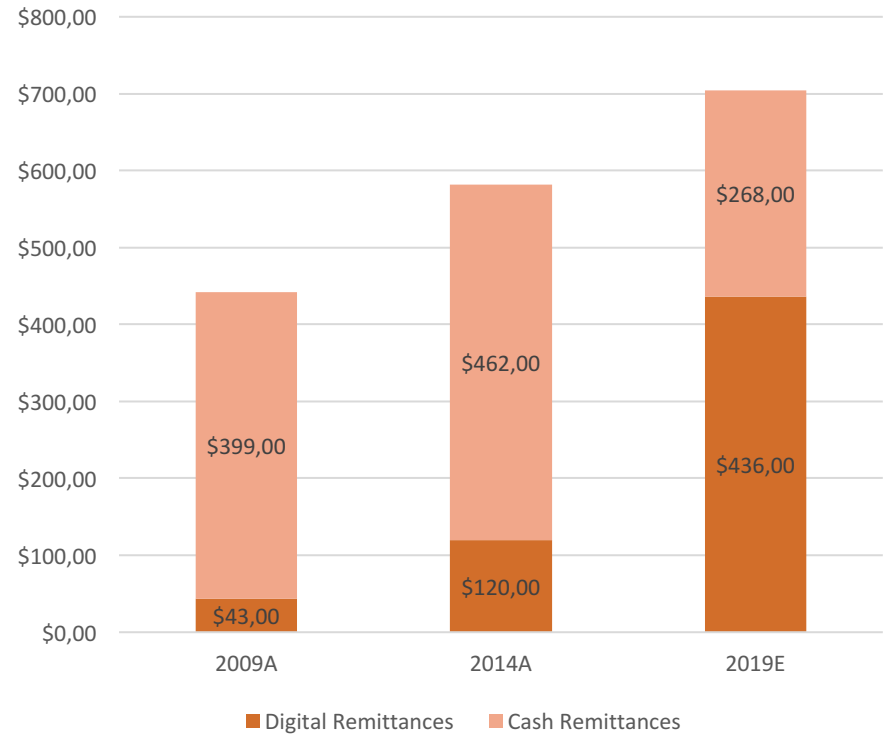


Key Facts

- **Type:** Cross Border Remittances
- **Founded:** 2012 **Year of investment:** 2016
- **Ownership Stake:** 9.8%
- **Key region:**

- 1 Low cost cross border remittance provider focusing on Western to Eastern Europe
- 2 Targeting blue-collar workers, some of the most consistent and regular remittance customers
- 3 High market share in key corridors resulting from focused approach to corridor roll-out
- 4 Deep bank integration facilitates fastest guaranteed settlement times amongst peers
- 5 Global remittance volumes totalling \$600b annually and digital growing share

Global Remittance Volumes (\$bn)

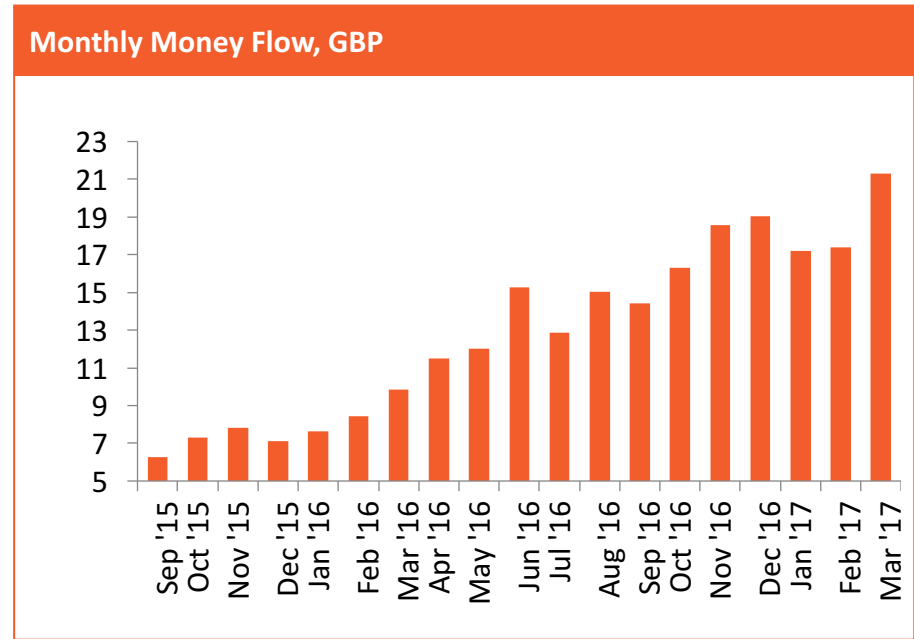
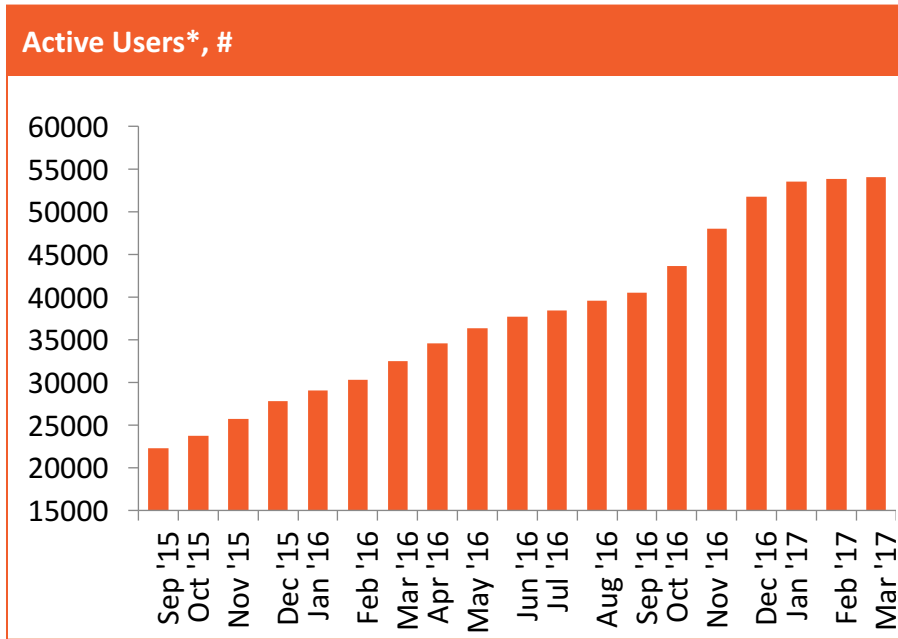




TransferGo



Metrics	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017
No. of active users*	27,800	32,522	37,645	40,461	51,792	54,001
Money flow (GBP mn)	7.1	9.8	15.3	14.4	19.0	21.3
Avg. ticket size (GBP)	240	269	370	370	335	349



\* Transacted over last 90 days

## FinanZero



### Key Facts

- **Type:** Consumer Loan Marketplace
- **Founded:** 2016 **Year of investment:** 2016
- **Ownership Stake:** 23.8%
- **Key region:**

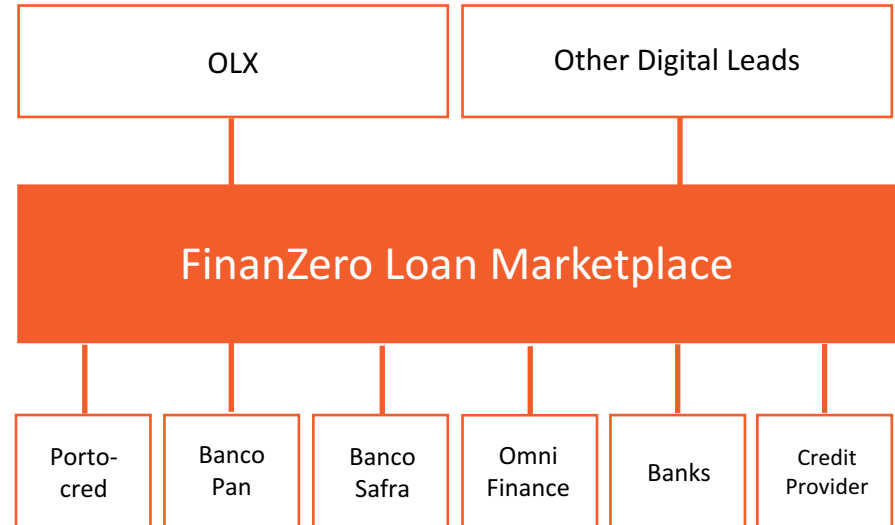
1 Pioneering marketplace for consumer loans in Brazil

2 Partnered with range of banks and credit institutions offering most suitable loans for consumer

3 Fully integrating with banks handling lending process from start to finish

4 Proven model seen scale and succeed in other markets

5 Founding team have a successful track record and experience from leading consumer loan broker in Sweden



## Nibo



### Key Facts

- **Type:** Accounting SaaS
- **Founded:** 2012 **Year of investment:** 2017
- **Ownership Stake:** 15.4%
- **Key region:** 🇧🇷

1 Leading Brazilian accounting SaaS provider for SMBs and accountants

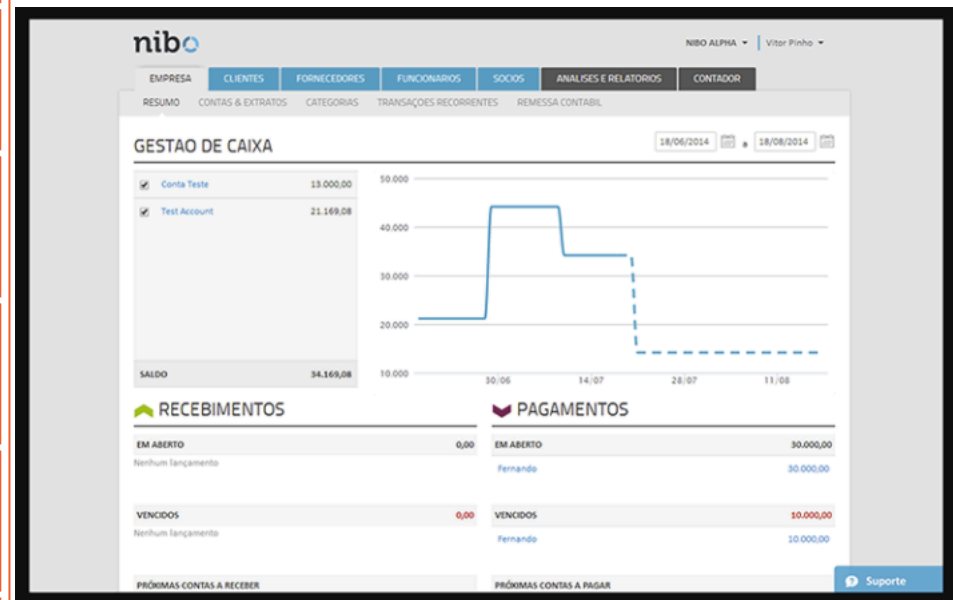
2 Has over 2,000 accountants servicing thousands of their SMB customers.

3 Large addressable market of +400k individual accountants and some 10m SMBs

4 Proven model seen scale and succeed in other markets, ex. Intuit (US) and Xero (NZ)

5 Strong team, and business model driven by one of the world's most complex tax and accounting market regulations in the world.

### Nibo SaaS dashboard



## Finja



### Key Facts

- **Type:** Mobile payments and loans marketplace
- **Founded:** 2012 **Year of investment:** 2017
- **Ownership Stake:** 22.9%
- **Key region:** 🇵🇰

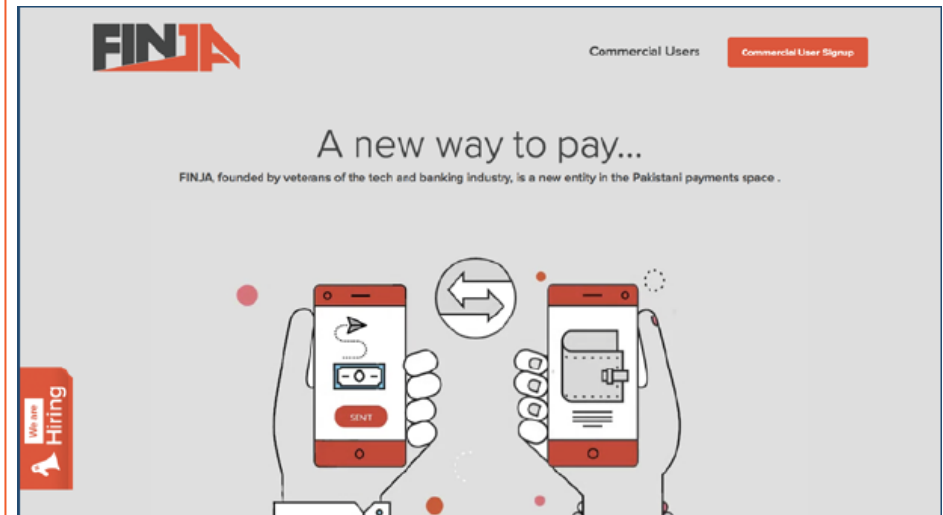
1 Newly established fintech company in Pakistan with a mission to offer innovative financial services by displacing cash.

2 The SimSim mobile wallet commercially launched in July 2017 and showing strong growth both in transaction volume and number of wallets.

3 Wallet revenue streams mainly from mobile top-ups, utility bills payments and customer float income.

4 First payroll lending pilot successfully launched

5 Utterly strong founding team with a 50 year collective experience in mobile wallets, online marketplaces and financial products in Pakistan.



# *Outlook and Guidance*

## Opportunities and outlook for 2017

...

Portfolio starting to show clear early performers with Tinkoff Bank and Revo stand out names

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...

EMEA and Latin America now core regions of focus for us, we are well entrenched and have a healthy pipeline

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...

Well on track to deliver on our target of building a portfolio with 10+ holdings

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...

Cash is king – Strong cash position leaves us well positioned for new opportunities as well as supporting existing investments

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...

The model and thesis is working well and we are in a very good position to continue to create shareholder value