



**xtb**  
online trading

# 1H 2016 Results Presentation

August 2016



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## Agenda

■ Key highlights

■ Operations review

■ Consolidated financial results

■ Appendix

## Key highlights

**NET PROFIT**

**PLN 23,0 MILLION**

**-55% y/y**

**EBITDA**

**PLN 21,4 MILLION**

**-68% y/y**

**OPERATING INCOME**

**PLN 113,8 MILLION**

**-12% y/y**

**NEW  
ACCOUNTS**

**13 616**

**-16% y/y**

**NET DEPOSITS**

**PLN 136,6 MILLION**

**-6,3% y/y**

**CFD VOLUME**

**1 058 309 LOTS**

**-15,8% y/y**

## Operations review

### Trading instruments and improvements introduced in 1H 2016

<b>New equity CFDs</b>	<ul style="list-style-type: none"><li>■ Several hundred new CFDs based on shares listed on global stock exchanges has been introduced.</li></ul>
<b>Synthetic stocks</b>	<ul style="list-style-type: none"><li>■ Synthetic stocks (non leveraged CFDs based on shares from the international stock exchanges.</li></ul>
<b>Instruments portfolio</b>	<ul style="list-style-type: none"><li>■ Total number of financial instruments has been increased to more than 3 000.</li></ul>
<b>CRM tools</b>	<ul style="list-style-type: none"><li>■ Consistent implementation of modern CRM tools in branches - tool for the comprehensive management of customer relations from the first contact through further service stages to signing the agreement and maintaining post-sale relations.</li></ul>
<b>xStation</b>	<ul style="list-style-type: none"><li>■ xStation for Smartwatch was released, as well as the new, improved version of xStation for Android.</li></ul>
<b>Servers update</b>	<ul style="list-style-type: none"><li>■ Servers located in Germany were modernized, resulting in an even faster execution of the customers' orders.</li></ul>
<b>Marketing activity</b>	<ul style="list-style-type: none"><li>■ Increased marketing activity of the Group on selected markets. The Group launched a global branding campaign using an actor Mads Mikkelsen. Also educational project with participation of football player Grzegorz Krychowiak was implemented, which allows beginners to acquire necessary knowledge for trading.</li></ul>

## Operations review continued



### Retail

### Institutional

1H 2016 vs 1H 2015

1H 2016 vs 1H 2015

**13 613 / 16 220**  
new accounts

**3 / 8**  
new accounts

**16 270 / 14 770**  
average active accounts

**35 / 36**  
average active accounts

**139 134 / 100 697**  
total accounts

**75 / 90**  
total accounts

**948 736 / 1 061 621**  
CFD volume (in lots)

**109 573 / 195 881**  
CFD volume (in lots)

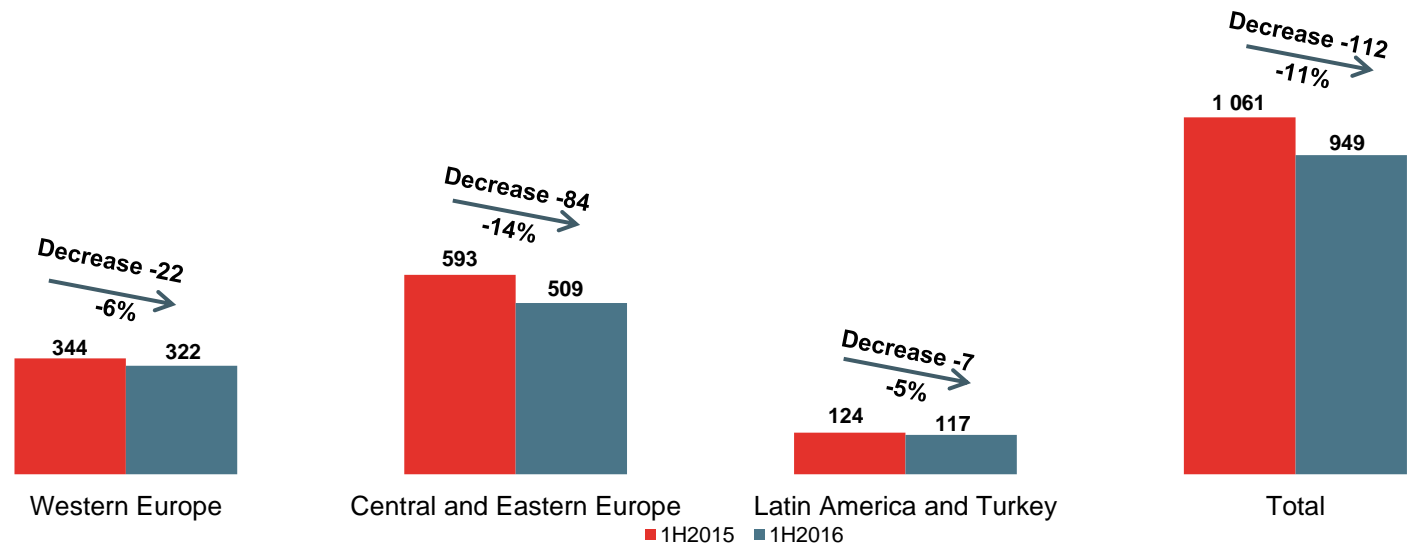
**150,3 / 135,0**  
net deposits (in PLN mm)

**-13,7 / 10,8**  
net deposits (in PLN mm)

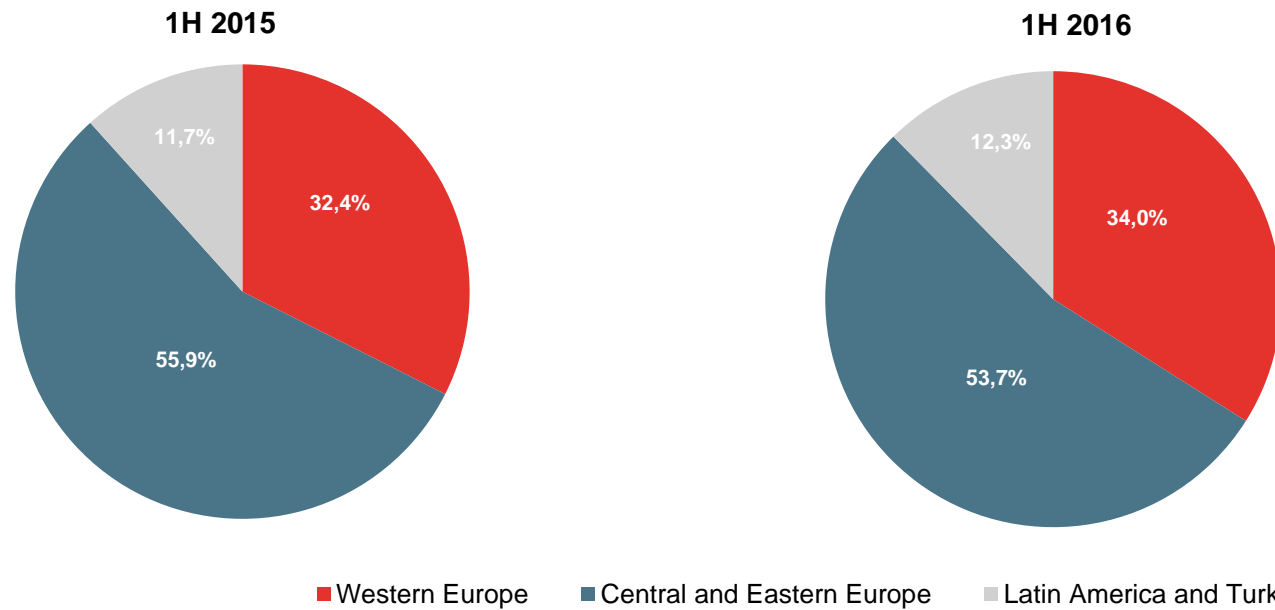


## Operations review continued

### Retail transaction volumes by geographical area (thousand lots)

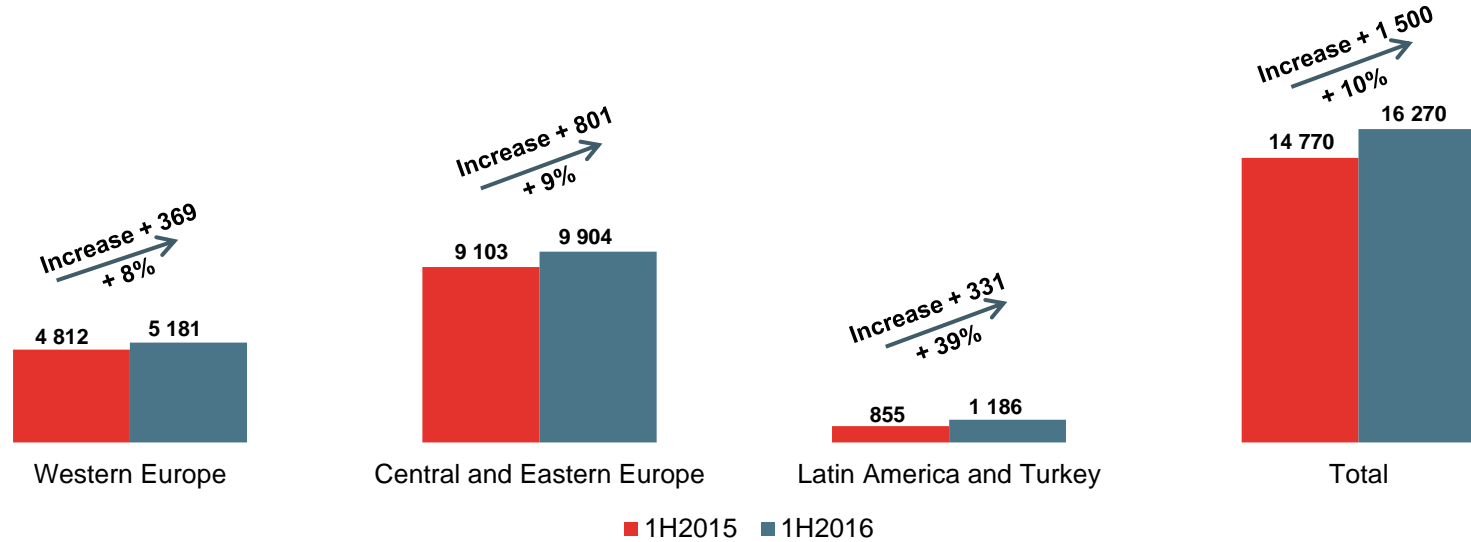


### Retail transaction volumes by geographical area (% share)

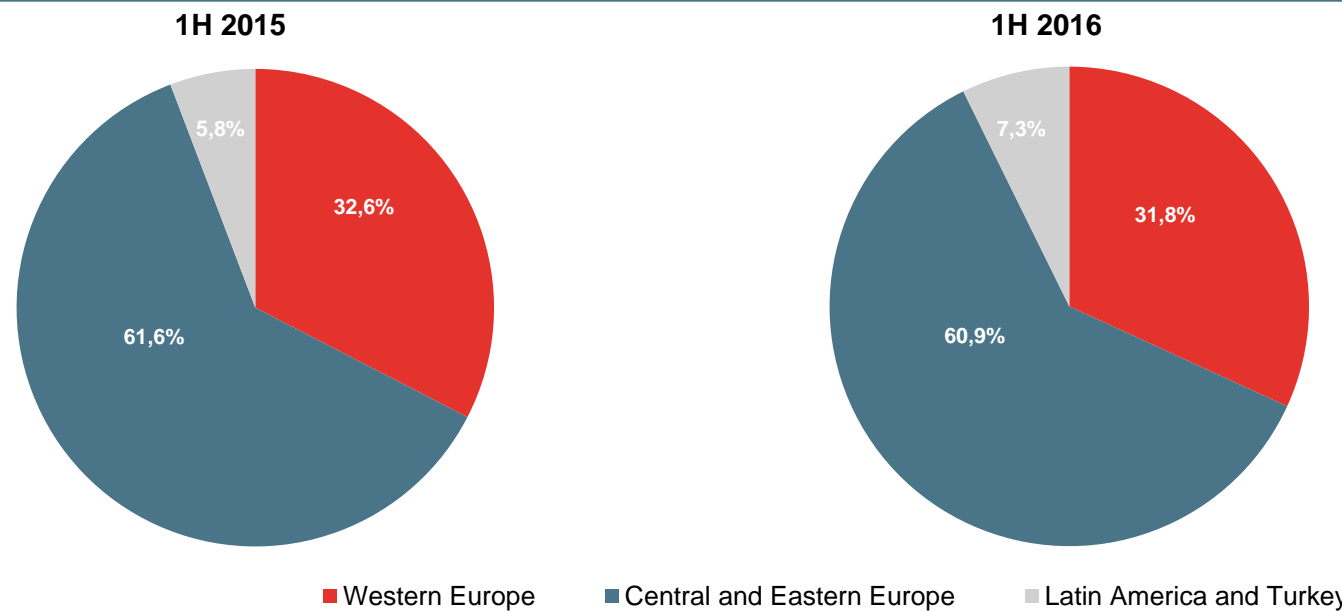


## Operations review continued

### Average number of retail active accounts



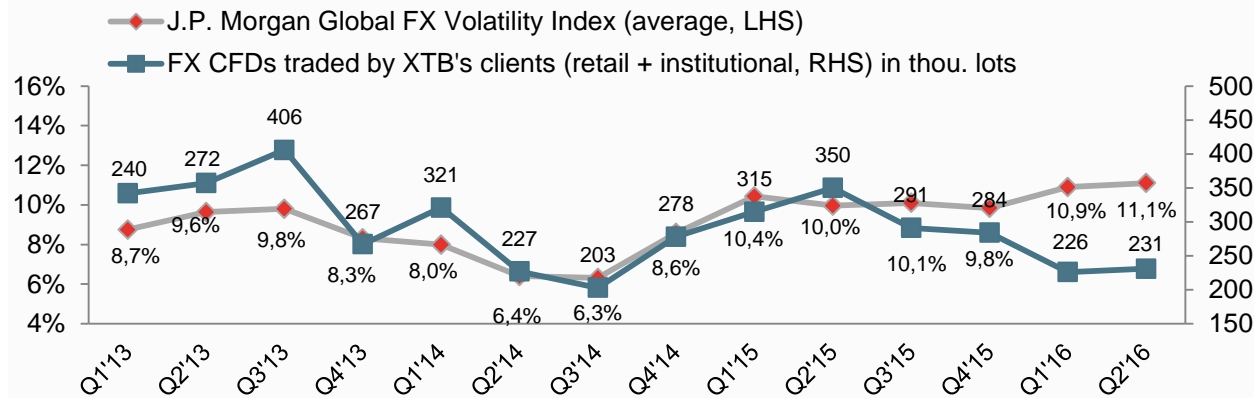
### Average number of retail active accounts (%)





# Operations review continued

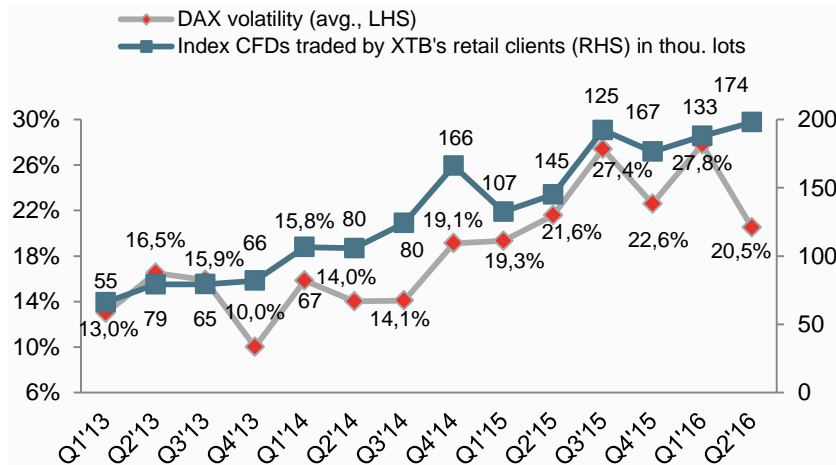
## FX volatility on the market



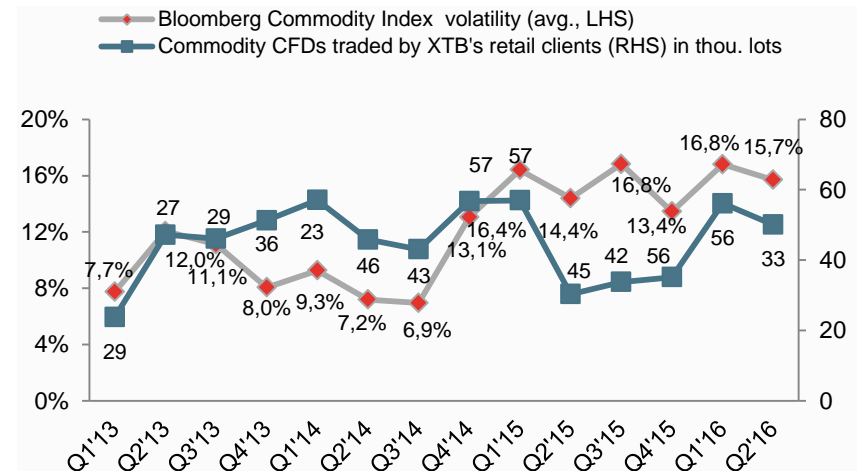
■ Gradual increase of FX volatility driven by geopolitical events and divergent monetary policies among the developed countries is accompanied by growing volatility of stocks and commodities

Source: Bloomberg, XTB

## Volatility of equity market<sup>1</sup>



## Volatility of commodity market<sup>1</sup>



Source: Bloomberg, XTB

<sup>1</sup> Volatility of German blue chip index DAX 30 and Bloomberg Commodity Index is calculated as an annualized historical daily volatility based on 30-day period standard deviation

## Consolidated financial results

### Consolidated comprehensive income statement

PLNmm	1H 2016	1H 2015	Change
Result of operations on financial instruments	111,1	126,5	(15,4)
Other income	2,7	3,0	(0,3)
<b>Total operating income</b>	<b>113,8</b>	<b>129,5</b>	<b>(15,7)</b>
Salaries and employee benefits	(38,5)	(33,2)	(5,3)
Marketing	(32,3)	(11,4)	(20,9)
Other operating expenses	(24,4)	(20,3)	(4,1)
<b>Total operating expenses</b>	<b>(95,2)</b>	<b>(64,9)</b>	<b>(30,3)</b>
<b>Operating profit</b>	<b>18,6</b>	<b>64,6</b>	<b>(46,0)</b>
Finance income	9,6	2,7	6,9
Finance costs	(3,3)	(2,8)	(0,5)
<b>Profit before tax</b>	<b>24,9</b>	<b>64,5</b>	<b>(39,6)</b>
Income tax	(1,9)	(12,9)	11,0
<b>Net profit</b>	<b>23,0</b>	<b>51,6</b>	<b>(28,6)</b>

### Historical quarterly financial results vs. volatility on the markets

PLNmm	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Total operating income	95,5	34,0	95,7	57,3	82,8	31,0
Total operating expenses	(31,5)	(33,3)	(34,7)	(41,8)	(40,5)	(54,7)
Operating profit (loss)	64,0	0,6	60,9	15,5	42,3	(23,7)
Net profit (loss)	49,8	1,7	50,9	16,5	31,9	(8,8)

## Consolidated financial results continued

### Key financial indicators

	1H 2016	1H 2015	2015
<b>EBITDA margin (%)</b>	<b>18,8</b>	<b>52,1</b>	<b>52,0</b>
Aggregate capital adequacy ratio (%)	15,9	18,3	14,5
Return on equity – ROE (%)	13,5	32,0	33,5
Return on assets – ROA (%)	6,6	15,8	17,2
<b>Net profit margin (%)</b>	<b>20,2</b>	<b>39,8</b>	<b>42,1</b>

### Retail

#### 1H 2016 vs 1H 2015

**PLN 105,7 mm / 127,3 mm**  
revenues

**PLN 18,2 mm / 51,5 mm**  
net profit

**78,9% / 99,8%**  
net profit share

**PLN 111**  
Profitability per lot

### Institutional

#### 1H 2016 vs 1H 2015

**PLN 8,1 mm / 2,2 mm**  
revenues

**PLN 4,9 mm / 0,1 mm**  
net profit

**21,1% / 0,2%**  
net profit share

**PLN 74**  
Profitability per lot

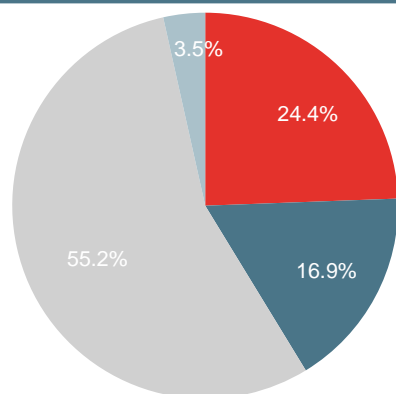


## Consolidated financial results continued

### The result of operations on financial instruments

PLNmm	1H 2016	1H 2015	Change (%)
<b>CFDs</b>			
Index CFDs	63,7	43,5	46,3
Currency CFDs	28,1	58,4	(51,8)
Commodity CFDs	19,4	28,6	(31,9)
Bond CFDs	1,2	0,2	565,6
Equity CFDs	0,6	0,1	290,8
Total CFDs	113,0	130,8	(13,6)
Option derivatives	2,2	1,3	70,1
<b>Gross result of operations on financial instruments</b>	<b>115,3</b>	<b>132,1</b>	<b>(12,7)</b>
Bonuses and discounts paid to clients	(2,1)	(3,6)	(41,4)
Commissions paid to cooperating brokers	(2,1)	(2,1)	0,3
<b>Net result of operations on financial instruments</b>	<b>111,1</b>	<b>126,5</b>	<b>(12,2)</b>

### Revenue by class of instrument 1H 2016

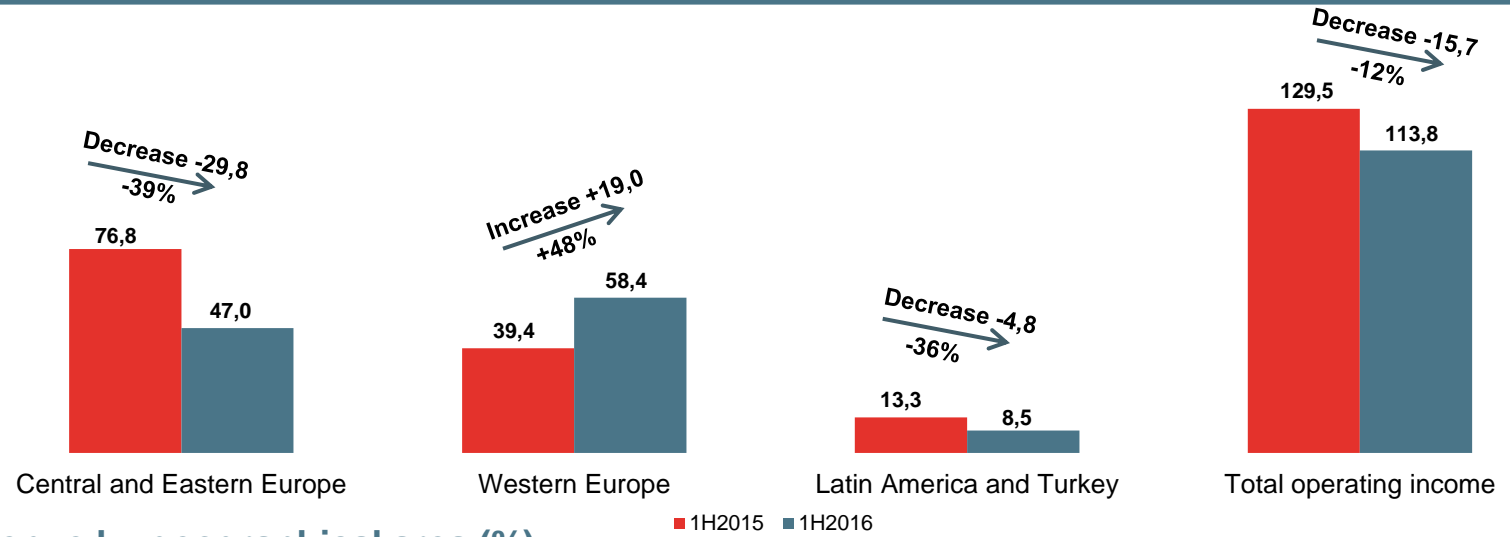


■ Currency CFDs      ■ Commodity CFDs  
■ Index CFDs      ■ Other instruments

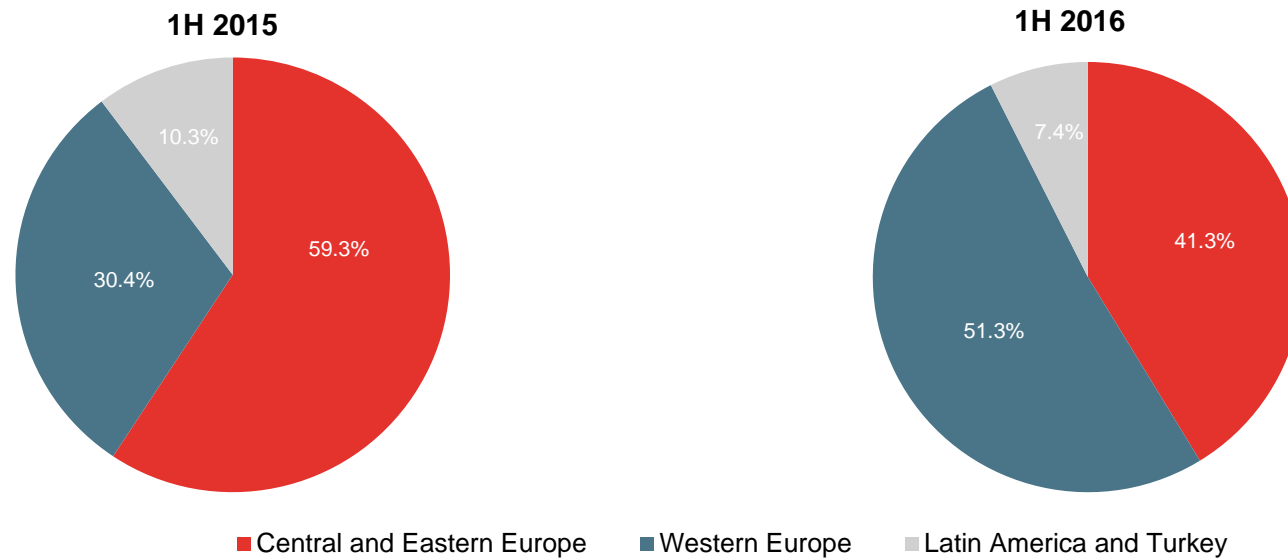
- High volatility on the markets at the beginning of 2016; in March lower volatility flatten revenue with significant impact on 1Q 2016 results.
- Range trading, growth of markets supported by low interest rates commitment resulted in the drop of financial instruments volume traded in lots and in lower revenues generated by the Group in 2Q 2016.
- Higher income from index CFDs resulted from relevant drops on stock market indices at the beginning of 2016.
- The decrease in income from commodity CFDs resulted mostly from the 50% oil price correction.

## Consolidated financial results continued

### Revenue by geographical area (PLNmm)



### Revenue by geographical area (%)

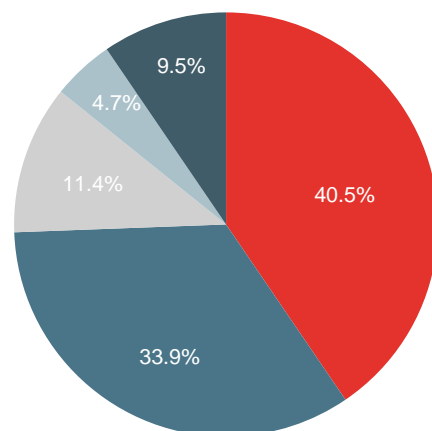


## Consolidated financial results continued

### Operating expenses

PLNmm	1H 2016	1H 2015	Change (%)
Salaries and employee benefits	(38,5)	(33,2)	16,1
Marketing	(32,3)	(11,4)	184,1
Other external services	(10,8)	(7,7)	39,7
Costs of maintenance and lease of buildings	(4,5)	(3,6)	24,2
Amortisation and depreciation	(2,8)	(2,9)	(3,2)
Taxes and fees	(0,9)	(0,8)	5,1
Fee expenses	(2,3)	(2,0)	18,2
Other costs	(3,1)	(3,3)	(6,9)
<b>Total operating expenses</b>	<b>(95,2)</b>	<b>(64,9)</b>	<b>46,7</b>

### Operating expenses structure



■ Salaries and employee benefits  
 ■ Other external services  
 ■ Other costs

■ Marketing  
 ■ Costs of maintenance and lease of buildings

- Higher costs of salaries and employee benefits resulted from an increase in the average employment level in the Group in the 1H 2016 of 20,5% y/y. The average employment in the 1H 2016 was 411 persons, and 341 persons in the corresponding period of the year 2015.
- The increase in marketing expenses was mainly a result of launching global branding campaign with actor Mads Mikkelsen.
- Higher costs of other external services were connected mainly with the public offering of the Offer Shares.





# Appendix

## Appendix

### Consolidated statement of financial position

PLNmm	30-Jun-16	31-Dec-15	30-Jun-15
Own cash and cash equivalents	246	325	235
Clients' cash and cash equivalents	317	298	294
Financial assets held for trading	60	64	61
Loans granted and other receivables	7	5	18
Intangible assets	12	13	16
Property, plant and equipment	4	4	4
Deferred income tax assets	12	12	12
Other assets	13	6	4
<b>Total assets</b>	<b>671</b>	<b>727</b>	<b>644</b>
Liabilities to clients	321	301	290
Financial liabilities held for trading	10	10	12
Reserve for deferred income tax	7	10	9
Other liabilities	26	32	25
<b>Total liabilities</b>	<b>364</b>	<b>353</b>	<b>336</b>
<b>Shareholders' equity of the owners of the Parent Company</b>	<b>307</b>	<b>374</b>	<b>308</b>
Non-controlling interests	-	-	-
<b>Total liabilities and shareholders' equity</b>	<b>671</b>	<b>727</b>	<b>644</b>

## Appendix continued

### Consolidated cash flow statement

PLNmm	1H 2016	1H 2015
Profit before tax	25,0	64,5
Depreciation	2,8	2,9
(Positive)/negative FX differences on translation of cash	(3,9)	(0,4)
Change in balance of financial assets and liabilities held for trading	4,0	(1,9)
Change in balance of restricted cash	(18,8)	(26,2)
Change in balance of loans granted and other receivables	(2,0)	(14,0)
Change in balance of liabilities to clients	19,6	21,5
Other adjustments and changes	(3,9)	(3,3)
<b>Cash from operating activities</b>	<b>22,8</b>	<b>43,1</b>
Income tax paid	(13,2)	(17,5)
Interest expense	-	-
<b>Net cash from operating activities</b>	<b>9,6</b>	<b>25,6</b>
Expenses relating to payments for property, plant and equipment	(0,7)	(0,8)
Expenses relating to payments for intangible assets	(0,2)	(0,0)
Other	-	0,3
<b>Net cash from investing activities</b>	<b>(0,8)</b>	<b>(0,5)</b>
Dividend paid to owners	(91,6)	(77,5)
Other cash flow from financial activities	(0,0)	(0,6)
<b>Net cash from financing activities</b>	<b>(91,6)</b>	<b>(78,1)</b>
<b>Increase in net cash and cash equivalents</b>	<b>(82,8)</b>	<b>(53,0)</b>





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