



xtb
online trading

2016 Results Presentation

March 2017

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Agenda

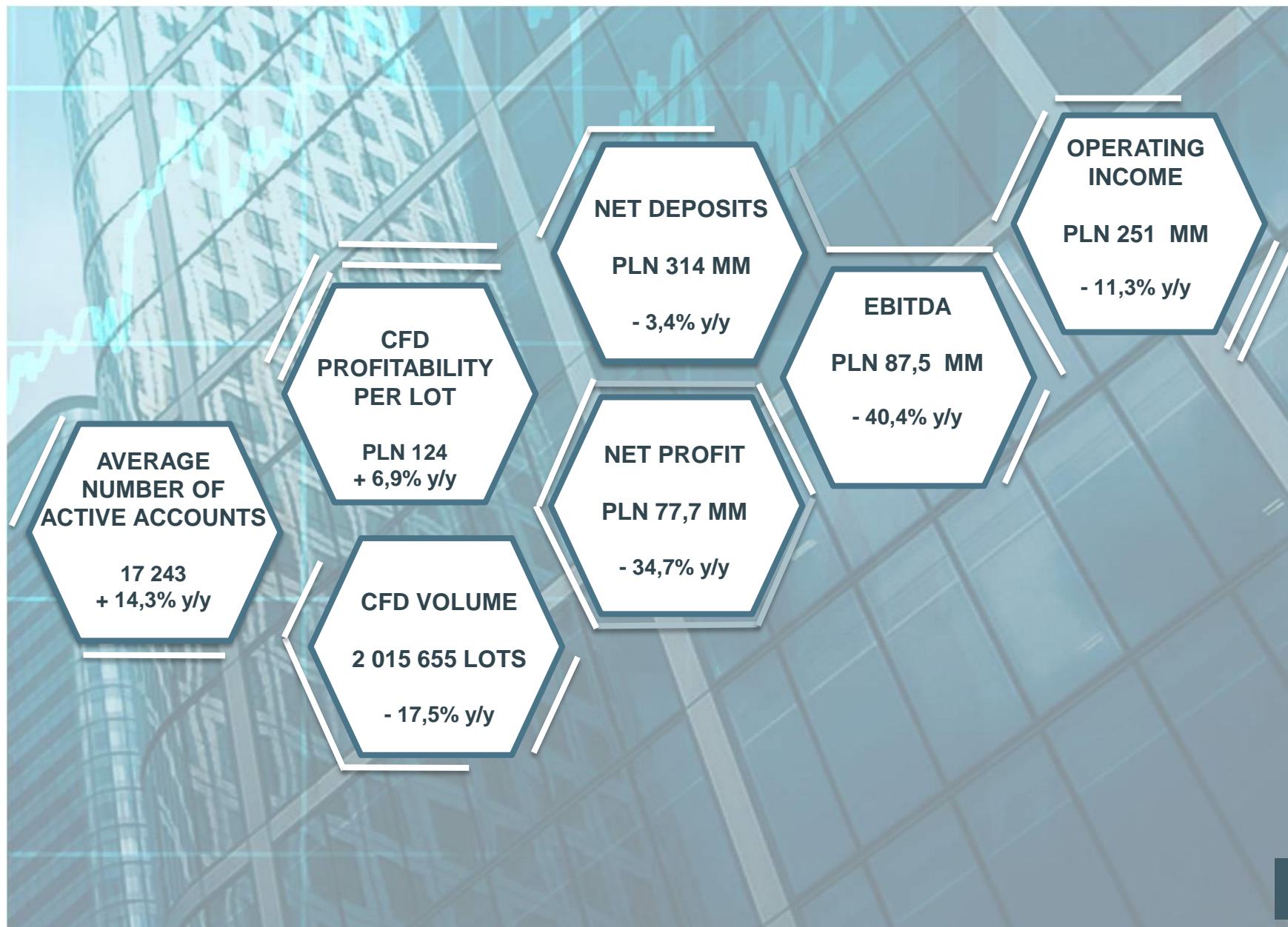
■ Key highlights

■ Operations review

■ Consolidated financial results

■ Appendix

Key highlights



Operations review

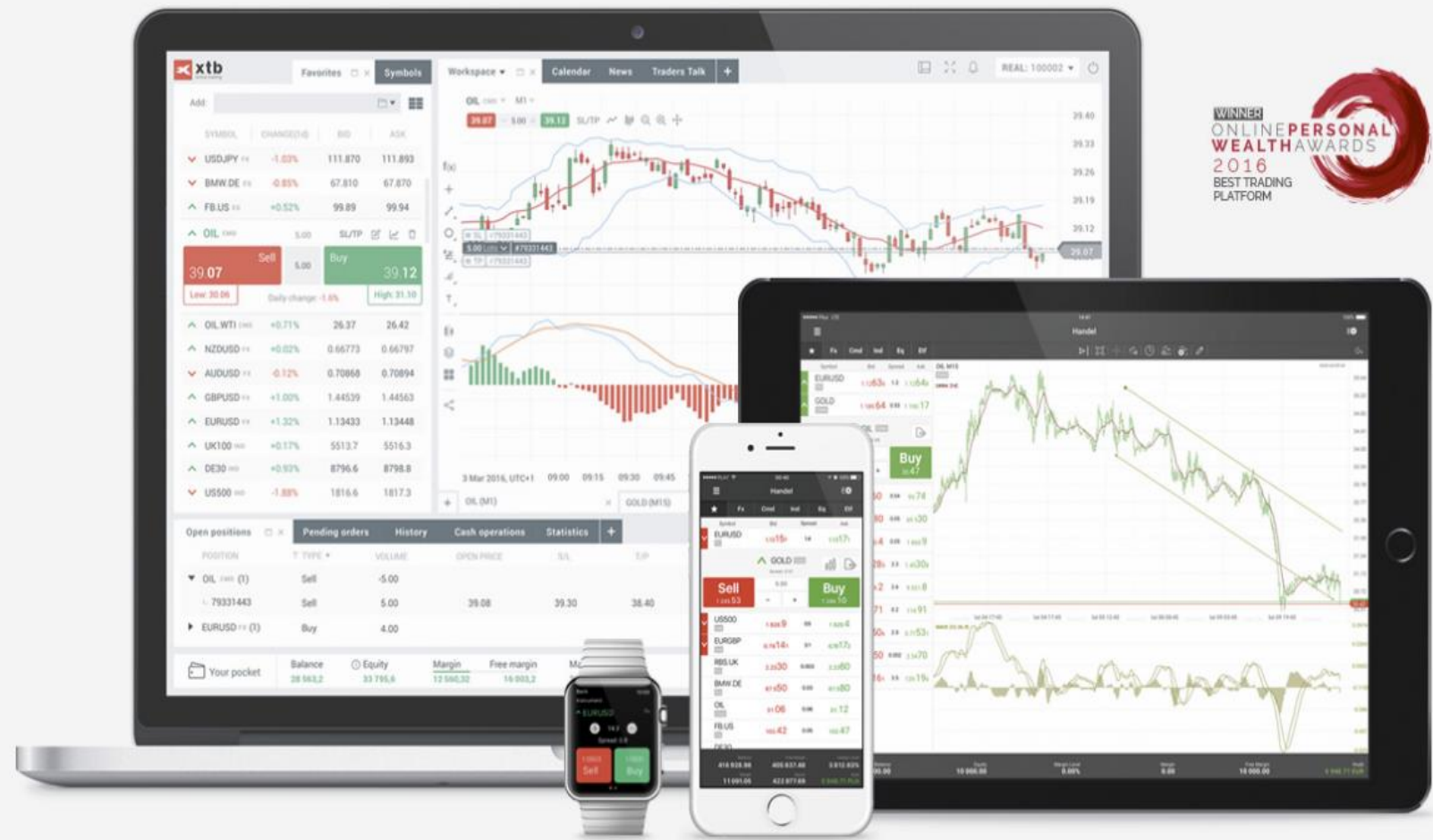
Trading instruments and improvements introduced in 2016

New equity CFDs	■ Several hundred new CFDs based on shares listed on global stock exchanges has been introduced.
Synthetic stocks	■ Synthetic stocks (non leveraged CFDs based on shares from the international stock exchanges).
Instruments portfolio	■ Total number of financial instruments has been increased to more than 3 000.
CRM tools	■ 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.
xStation	■ New xStation5 platform was released. ■ xStation for Smartwatch was released, as well as the new, improved version of xStation for Android.
Servers update	■ Servers located in Germany were modernized, resulting in an even faster execution of the customers' orders.
Marketing activity	■ 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.

Operations review continued

xStation 5

Winner of 'Best Trading Platform 2016'



Operations review continued



Retail

Institutional

2016 vs 2015

31 283 / 31 145
new accounts

17 207 / 15 045
average active accounts

156 424 / 125 623
total accounts

1 819 055 / 2 041 605
CFD volume (in lots)

310 / 268
net deposits (in PLN mm)

2016 vs 2015

17 / 30
new accounts

36 / 37
average active accounts

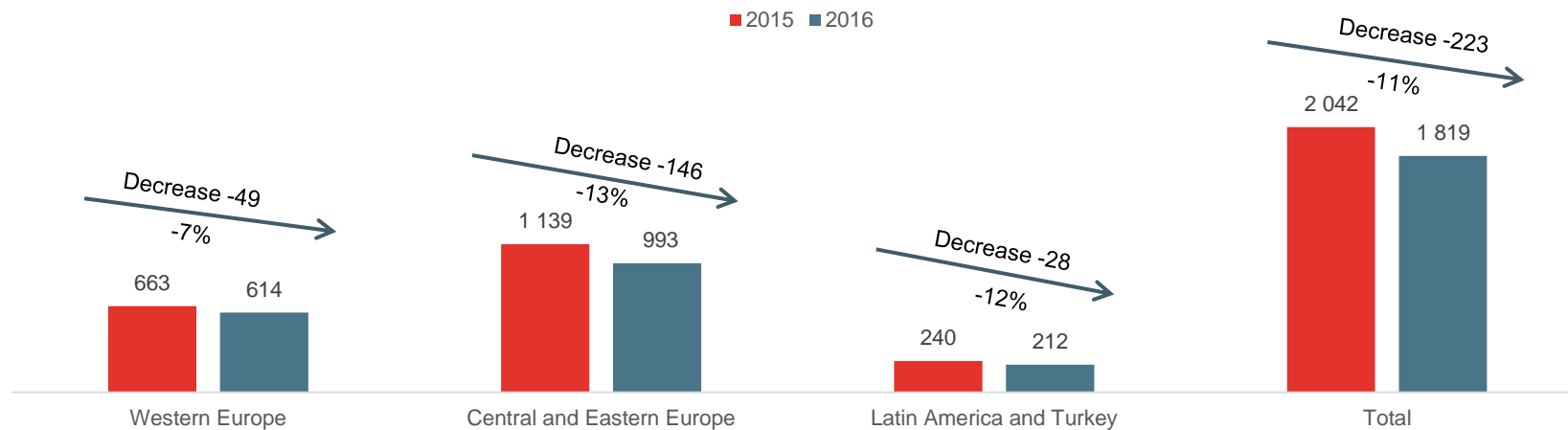
77 / 104
total accounts

196 600 / 401 697
CFD volume (in lots)

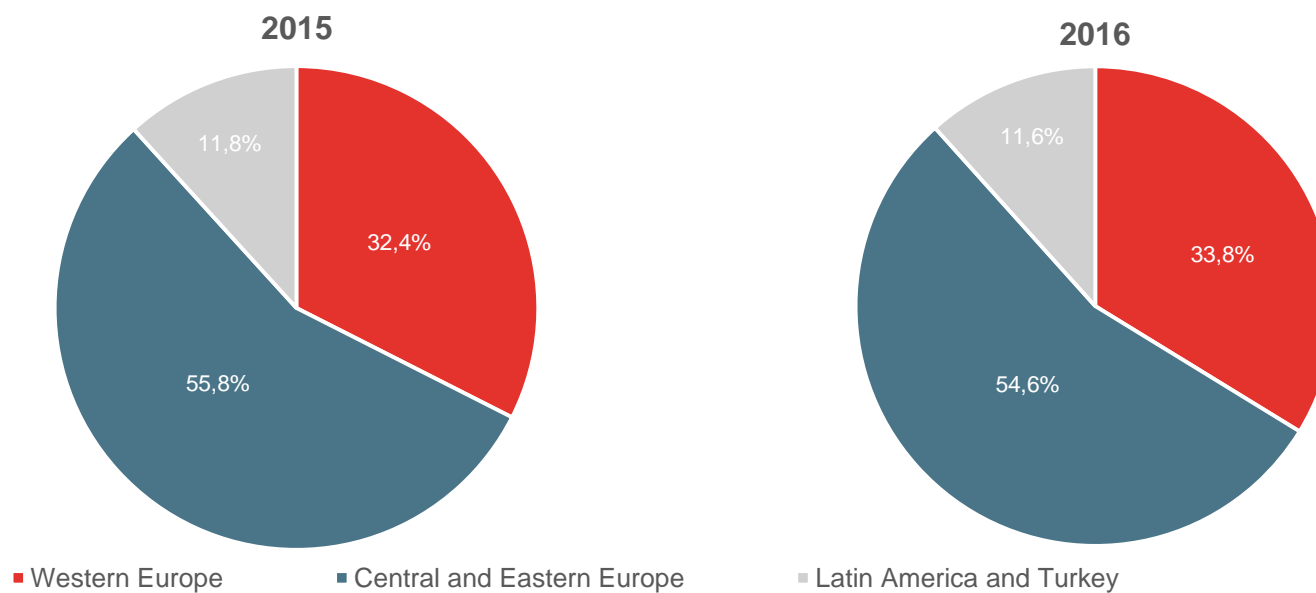
4 / 57
net deposits (in PLN mm)

Operations review continued

Retail transaction volumes by geographical area (thousand lots)

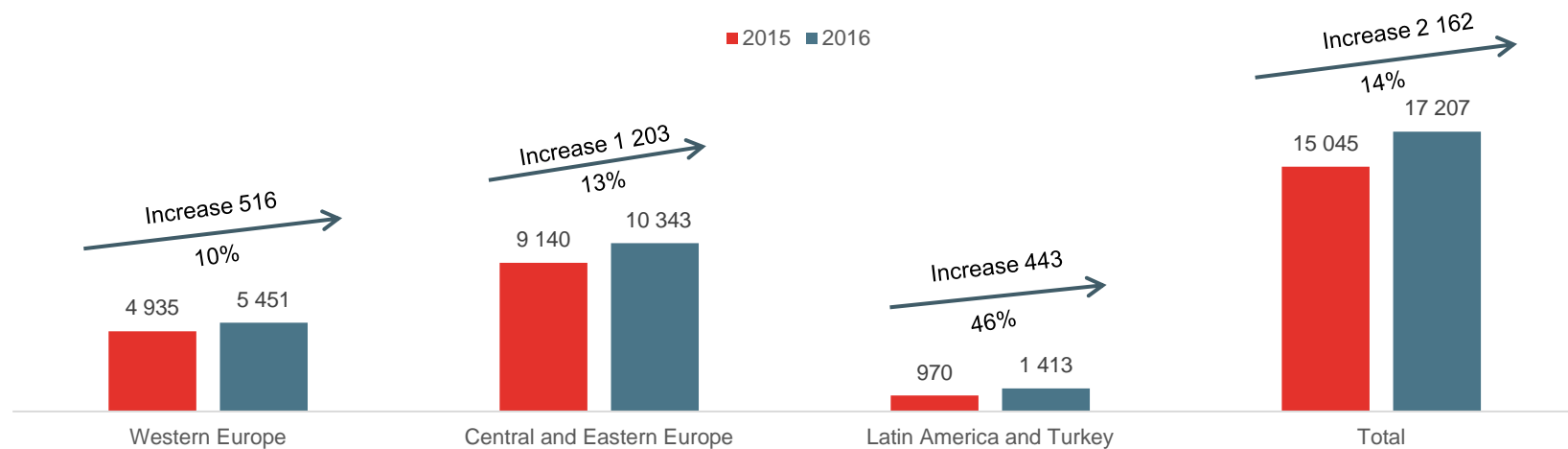


Retail transaction volumes by geographical area (% share)

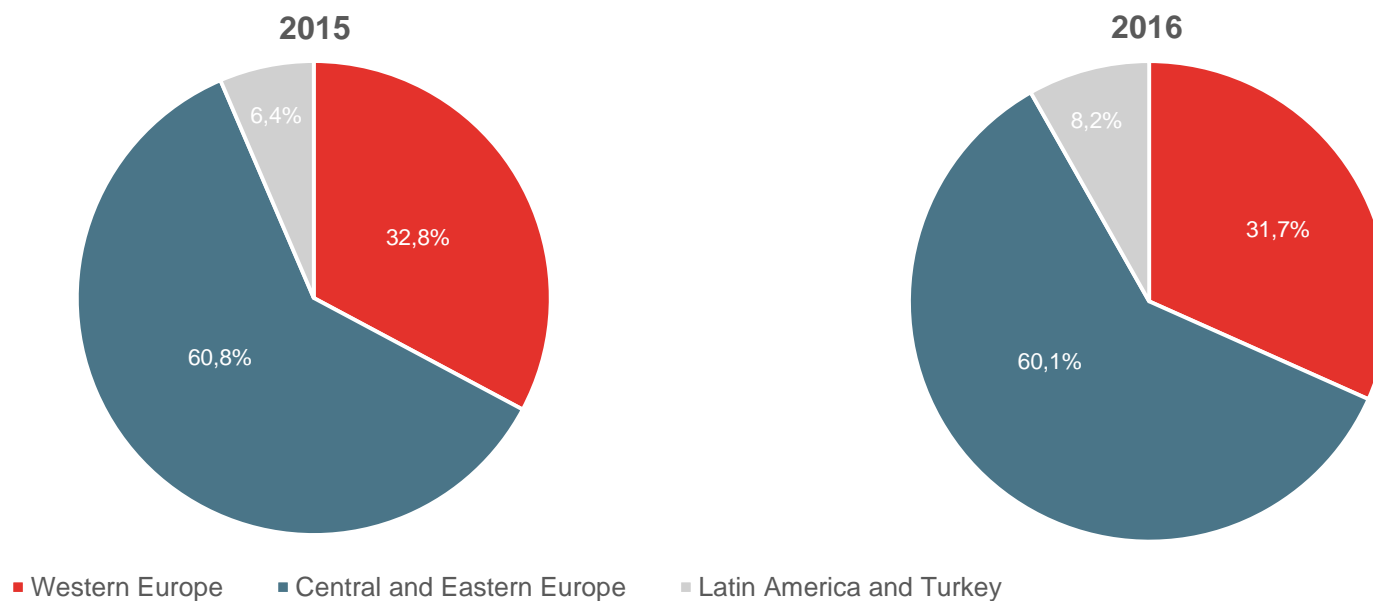


Operations review continued

Average number of retail active accounts

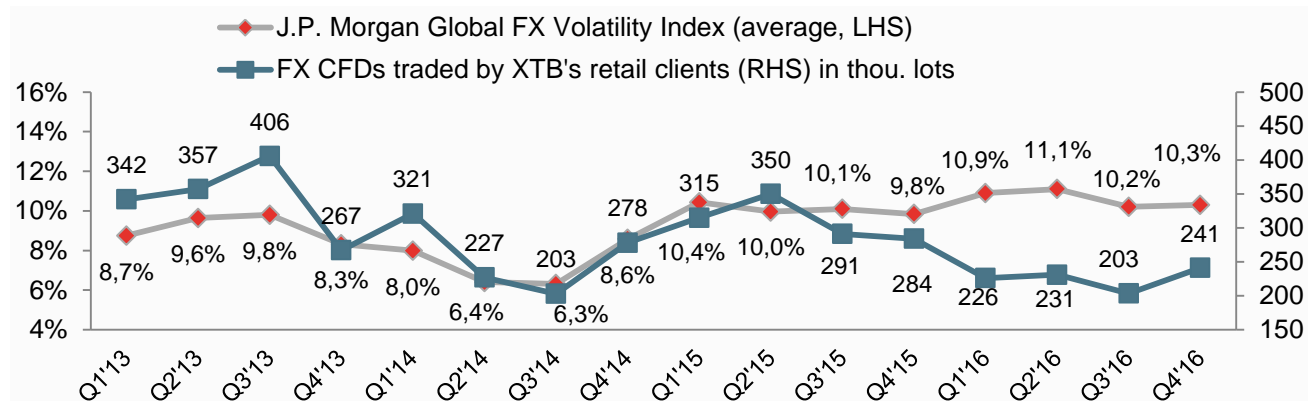


Average number of retail active accounts (%)



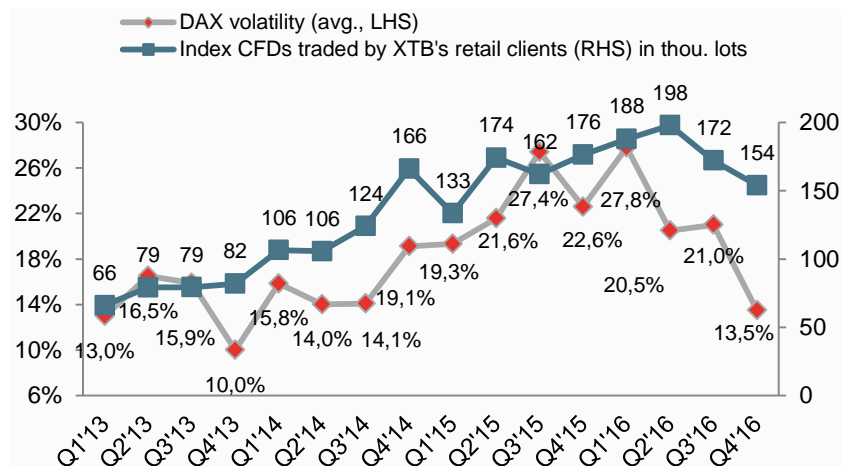
Operations review continued

FX volatility on the market



Source: Bloomberg, XTB

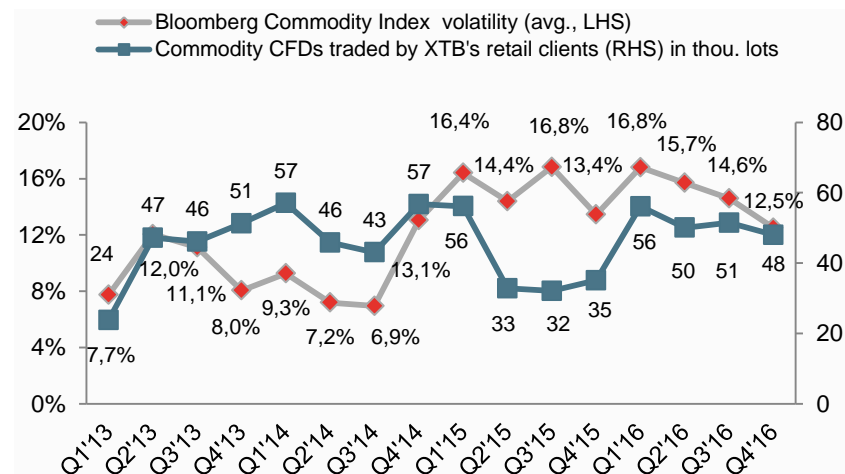
Volatility of equity market¹



Source: Bloomberg, XTB

¹ 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

Volatility of commodity market¹



Consolidated financial results

Consolidated comprehensive income statement

PLNmm	2016	2015	Change
Result of operations on financial instruments	245,2	274,7	(29,5)
Other income	5,4	7,8	(2,4)
Total operating income	250,6	282,5	(31,9)
Salaries and employee benefits	(71,9)	(68,1)	(3,8)
Marketing	(49,3)	(28,2)	(21,1)
Other operating expenses	(47,3)	(45,2)	(2,1)
Total operating expenses	(168,5)	(141,5)	(27,0)
Operating profit	82,1	141,0	(58,9)
Finance income	12,1	10,4	1,7
Finance costs	(0,9)	(3,1)	2,2
Profit before tax	93,3	148,3	(55,0)
Income tax	(15,6)	(29,3)	13,7
Net profit	77,7	119,0	(41,3)

Historical quarterly consolidated financial results

PLNmm	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Total operating income	95,5	34,0	95,7	57,3	82,8	31,0	42,8	94,0
Total operating expenses	(31,5)	(33,3)	(34,7)	(41,8)	(40,5)	(54,7)	(34,4)	(38,9)
Operating profit (loss)	64,0	0,6	60,9	15,5	42,3	(23,7)	8,4	55,1
Net profit (loss)	49,8	1,7	50,9	16,5	31,9	(8,8)	4,2	50,4

Consolidated financial results continued

Key financial indicators

	2016	2015
EBITDA margin (%)	34,9	52,0
Aggregate capital adequacy ratio (%)	17,6	14,5
Return on equity – ROE (%)	21,3	33,5
Return on assets – ROA (%)	10,2	17,2
Net profit margin (%)	31,0	42,1

Retail

2016 vs 2015

231 mm / 269 mm
revenues

65 mm / 112 mm
net profit

83,6% / 94,3%
net profit share

PLN 127 / PLN 132
Profitability per lot

Institutional

2016 vs 2015

19 mm / 13 mm
revenues

13 mm / 7 mm
net profit

16,4% / 5,7%
net profit share

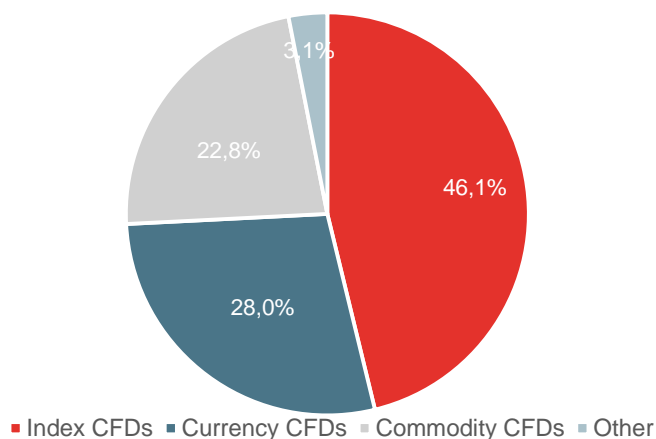
PLN 99 / PLN 33
Profitability per lot

Consolidated financial results continued

Result of operations on financial instruments

PLNmm	2016	2015	Change (%)
CFDs			
Index CFDs	117,8	118,2	(0,4)
Currency CFDs	71,4	90,9	(21,5)
Commodity CFDs	58,1	72,8	(20,2)
Equity CFDs	1,4	0,1	1 175,4
Bond CFDs	1,1	0,6	99,6
Total CFDs	249,8	282,6	(11,6)
Option derivatives	5,3	3,0	79,5
Gross gain on transactions in financial instruments	255,1	285,6	(10,7)
Bonuses and discounts paid to customers	(3,5)	(6,1)	(42,5)
Commissions paid to cooperating brokers	(6,4)	(4,8)	33,3
Net gain on transactions in financial instruments	245,2	274,7	(10,7)

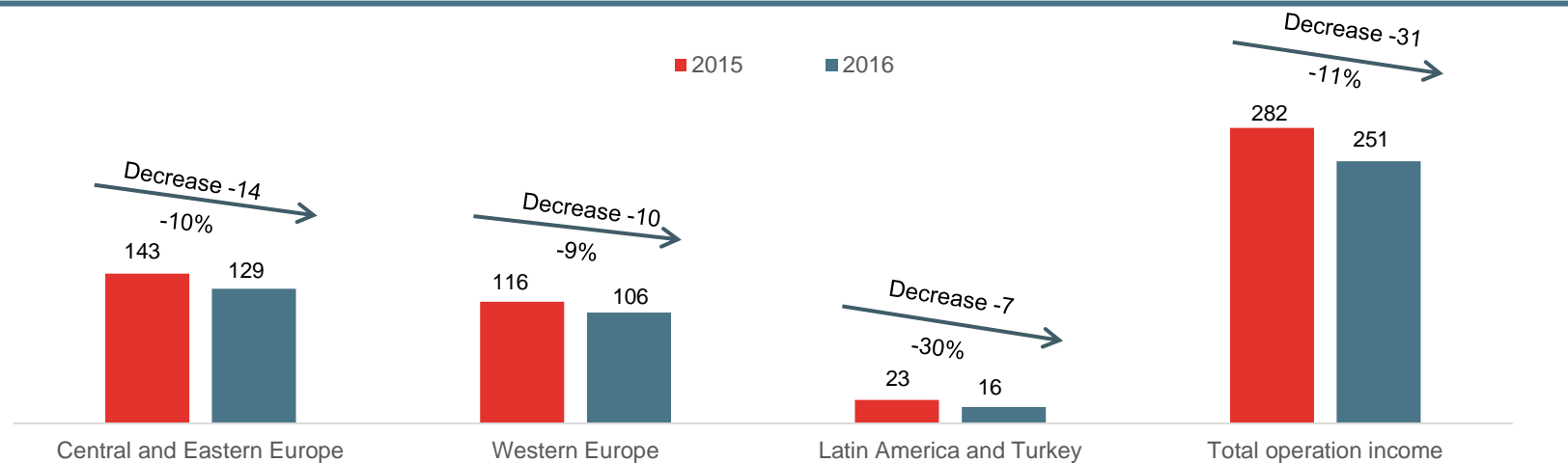
Revenue by class of instrument 2016



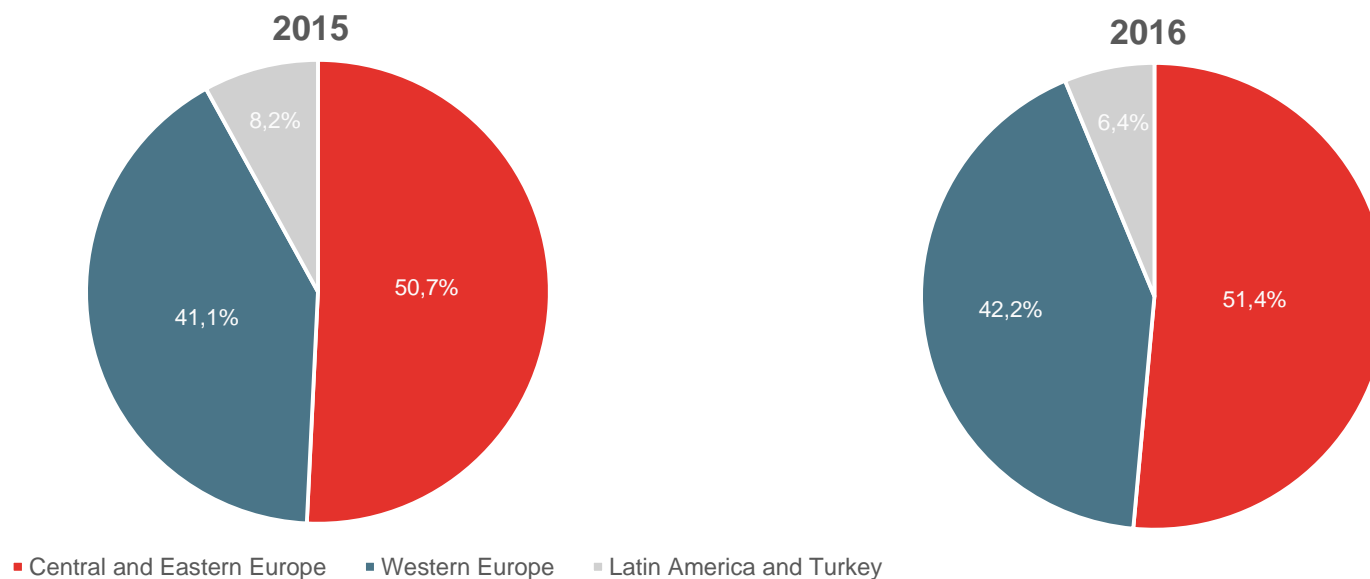
- Favorable volatility on the markets at the beginning of 2016; in March less favorable volatility flattened revenue with significant impact on 1Q 2016 results.
- Range trading with no significant trends, growth of markets supported by low interest rates commitment resulted in the drop of financial instruments volume traded in lots and in lower revenues generated by the Group in 2Q and 3Q 2016.
- No significant volatility caused by Brexit, due to precautionary actions undertaken by the financial markets
- More favorable volatility for XTB in 4Q, resulted in higher income and significantly shaped 2016 results.

Consolidated financial results continued

Revenue by geographical area (PLNmm)



Revenue by geographical area (%)

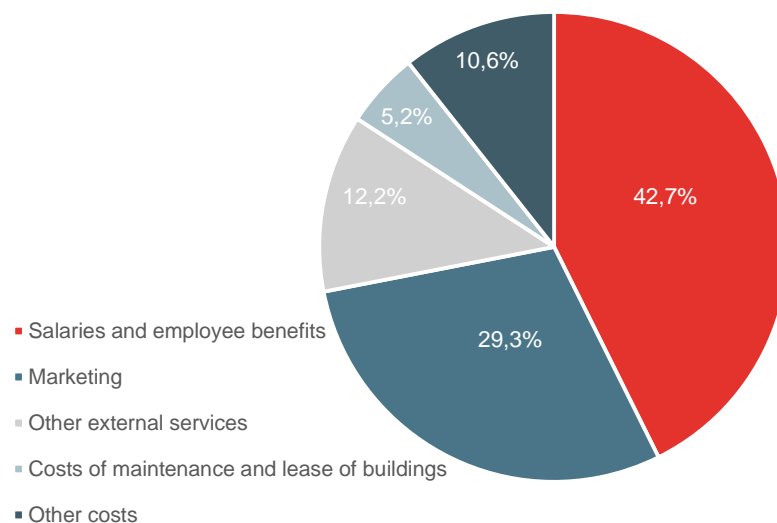


Consolidated financial results continued

Operating expenses

PLNmm	2016	2015	Change (%)
Salaries and employee benefits	(71,9)	(68,1)	5,5
Marketing	(49,3)	(28,2)	75,1
Other external services	(20,6)	(18,7)	10,5
Costs of maintenance and lease of buildings	(8,7)	(7,9)	10,1
Amortisation and depreciation	(5,4)	(5,8)	(6,6)
Taxes and fees	(2,6)	(1,8)	42,4
Fee expenses	(4,2)	(3,9)	6,8
Other costs	(5,8)	(7,1)	(18,7)
Total operating expenses	(168,5)	(141,5)	19,1

Operating expenses structure 2016



- Increase in total operating expenses by 19,1% (i.e. 27 mm), mainly caused by:
- Increase in marketing costs in 2016 vs. 2015 by 75,1% (i.e. PLN 21,1 mm) as a result of global branding campaign launched in 2Q
- Increase in salaries and employee benefits by 5,5% y/y (i.e. PLN 3,8 mm) due to higher average employment in 2016 (by 7,6% compared to 2015)
- Increase in other external services by 10,5% (PLN 1,9 mm) due to cost related to IPO

Appendix

Appendix

Consolidated statement of financial position

PLNmm	31-Dec-16	31-Dec-15
Own cash and cash equivalents	291	325
Customers' cash and cash equivalents	376	298
Financial assets held for trading	95	64
Loans granted and other receivables	5	5
Intangible assets	10	13
Property, plant and equipment	4	4
Deferred income tax assets	12	12
Other assets	4	6
Total assets	797	727
Amounts due to customers	377	301
Financial liabilities held for trading	23	10
Deferred income tax provision	13	10
Other liabilities	28	32
Total liabilities	441	353
Equity attributable to the owners of the Parent Company	356	374
Total equity and liabilities	797	727

Appendix continued

Consolidated cash flow statement

PLNmm	2016	2015
Profit before tax	93,3	148,4
Amortization and depreciation	5,4	5,8
FX (gains) losses from translation of own cash	(2,6)	(1,1)
Change in balance of financial assets and liabilities held for trading	(18,2)	(7,4)
Change in balance of restricted cash	(77,5)	(30,2)
Change in balance of amounts due to customers	76,2	33,0
Other adjustments and changes	(9,9)	1,7
Cash from operating activities	66,7	150,2
Income tax paid	(10,4)	(33,7)
Net cash from operating activities	56,3	116,5
Expenses relating to payments for property, plant and equipment	(1,6)	(1,6)
Expenses relating to payments for intangible assets	(0,2)	(0,2)
Other	-	0,3
Net cash from investing activities	(1,8)	(1,5)
Dividend paid to owners	(91,6)	(77,5)
Other cash flow from financing activities	(0,1)	(0,6)
Net cash from financing activities	(91,7)	(78,1)
Increase (Decrease) in net cash and cash equivalents	(37,2)	36,9

Appendix continued

Consolidated KPIs

	2016	2015	2014	2013
New accounts	31 300	31 175	23 742	19 371
Average number of active accounts	17 243	15 082	12 219	11 072
Accounts in total	156 501	125 727	94 552	70 810
Net deposits (in PLN'000)	314 045	325 128	257 187	255 951
Average operating income per active account (in PLN'000)	14,5	18,7	16,7	19,5
Transaction volume in CFD instruments in lots	2 015 655	2 443 302	1 986 639	1 947 679
Profitability per lot (in PLN)	124	116	103	111



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