



# Iberian Value

GESTIÓN QUE APORTA VALOR

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Del 11 al 13 de mayo

Organiza: **El Confidencial**



Patrocina: **cecabank**

# Resumen

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- Prestamos Subprime automóvil en UK
- Equipo gestor MUY conservador. ( poseen 70% acciones )
- **Creció beneficios incluso en Crisis SUBPRIME de 2008**
- La regulación bancaria de 2008 ha creado un mercado MUY favorable.



# S&U en Cifras

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- Prestamos medio de 5k-7k.
- Yield media del 16%.
- LTV del 90%.
- Préstamo medio a 4 años.
- Morosidad neta del 9%
- 1% cuota de mercado...
- Tipo HP no PCP
- Dueda/equity de tan solo 0,6x.



# Resumen

Año (cifras en millones de \$ , excepto número de acciones)	2003	2007	2009	2012	2014	2018	2020e
<b>EPS</b>	<b>0,4</b>	<b>0,5</b>	<b>0,50</b>	<b>0,75</b>	<b>1,10</b>	<b>2,0</b>	<b>2,60</b>
<b>ROE</b>	20%	15%	14%	15%	20%	17%	16%
<b>Beneficio neto</b>	5	6	6	9	13	24	30
<b>Acciones</b>	11,7m	11,7m	11,7m	11,7m	11,9m	12m	12m

# ¿SUBPRIME?

## Group Income Statement

Year ended 31 January 2009

	Note	2009 £000	2008 £000
Revenue	3	46,182	45,978
Cost of sales	4	(16,166)	(15,694)
Gross profit		30,016	30,284
Administrative expenses		(19,585)	(19,408)
Exceptional remuneration	5	(300)	-
Operating profit		10,131	10,876
Finance costs	7	(1,868)	(2,298)
Profit before taxation	2	8,263	8,578
Taxation	8	(2,388)	(2,613)
Profit for the year		5,875	5,965
Earnings per share basic and diluted	11	50.1p	50.8p

All activities derive from continuing operations.



# Subprime?

## 2. Segmental analysis

Analyses by class of business of revenue and profit before taxation are stated below:

Class of business	Revenue	
	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Consumer credit, rentals and other retail trading	32,007	33,120
Car finance	14,175	12,858
	<u>46,182</u>	<u>45,978</u>



## 4. Cost of sales

	2009 £000	2008 £000
Loan loss provisioning charge – consumer credit	7,731	7,822
Loan loss provisioning charge – car finance	4,785	4,087
Total loan loss provisioning charge	<u>12,516</u>	<u>11,909</u>
Other cost of sales	3,650	3,785

# Resumen

Class of business	Revenue		Profit before taxation	
	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Consumer credit, rentals and other retail trading	32,007	33,120	5,251	5,965
Car finance	14,175	12,858	3,012	2,613
	<u>46,182</u>	<u>45,978</u>	<u>8,263</u>	<u>8,578</u>

Analyses by class of business of assets and liabilities are stated below:

Class of business	Assets		Liabilities	
	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Consumer credit, rentals and other retail trading	40,331	41,774	(2,320)	(4,148)
Car finance	39,729	36,222	(33,958)	(31,565)
	<u>80,060</u>	<u>77,996</u>	<u>(36,278)</u>	<u>(35,713)</u>

**Aumento de beneficios y Ventas en la crisis**

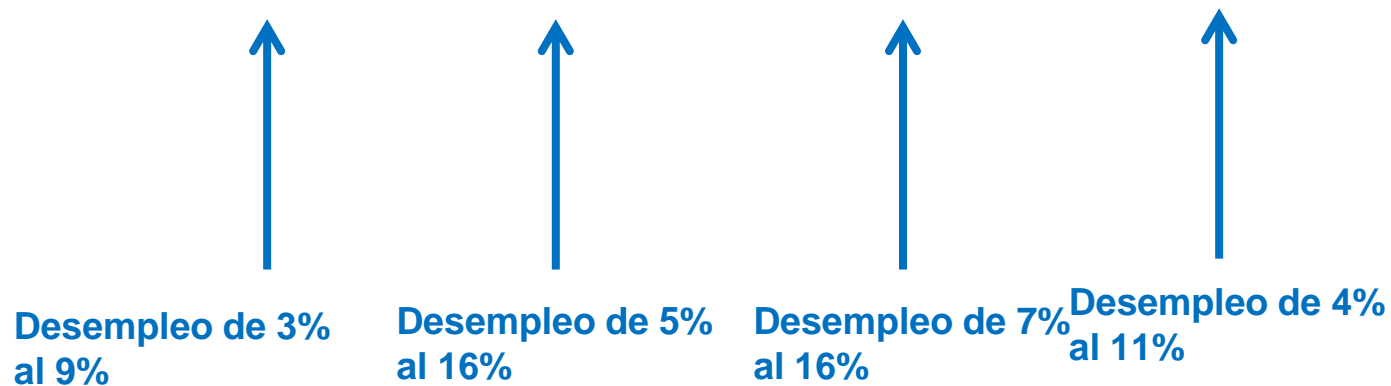


# TRANSUNION

Originating risk tier	Silicon Valley (2001-2002)	Post-Katrina New Orleans (2005)	Detroit (2007-2009)	Great Recession* (2007-2009)
Super prime	+533%	+75%	+350%	+53%
Prime plus	+70%	+170%	+122%	+40%
Prime	+106%	+220%	+126%	+42%
Near prime	+48%	+92%	+85%	+39%
Subprime	-12%	+31%	-27%	+21%
All personal loans	+14%	+61%	-15%	(Not calculated)



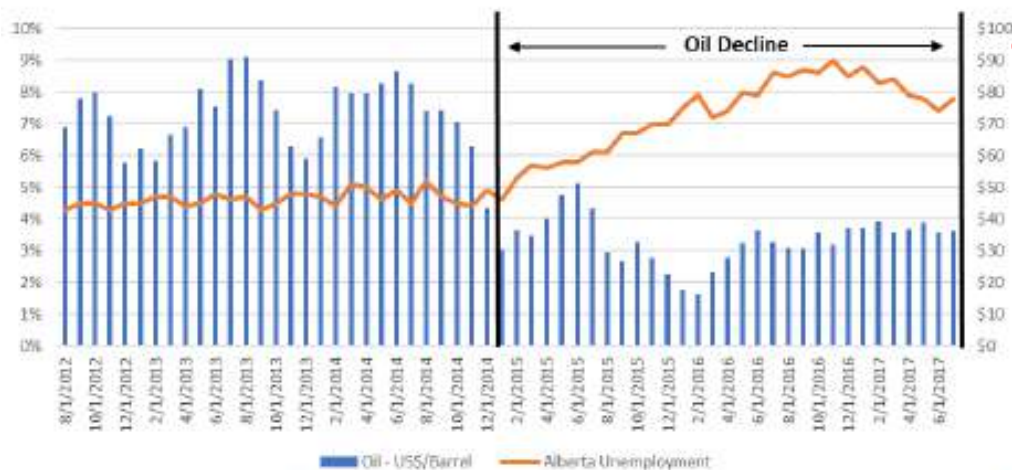
\* Great recession volatility was calculated by dividing the standard deviation by the average. All other periods is the percentage change from pre- to post-event.





# SUBPRIME

## 2015 - Oil crash in Alberta



• Unemployment grew 2 x from ~4.5% to a peak of 9%

• Subprime delinquency increased 11%

Delinquency rates of loans (90+ days past due at month 14)

	Pre-Oil Crash Originations (Jan 2013 - Dec 2014)	Post-Oil Crash Originations (Jan 2015 - June 2016)
easyfinancial	14.1%	15.7%

Source: Alberta Economics Dashboard (<http://economicdashboard.alberta.ca>) & easyfinancial loan portfolio performance

# SUBPRIME

Vanquis Bank  
continued

Aumento del 18%  
morosidad

## Results

	Year ended 31 December		
	2009 £m	2008 £m	Change %
Customer numbers ('000)	426	404	5.4
Average customer receivables	231.1	177.5	30.2
Revenue	131.3	94.6	38.8
Impairment	(61.7)	(38.2)	(61.5)
Revenue less impairment	69.6	56.4	23.4
Risk-adjusted margin*	30.1%	31.8%	
Impairment % revenue**	47.0%	40.4%	
Costs	(43.3)	(39.4)	(9.9)
Interest	(12.2)	(9.0)	(35.6)
Profit before tax	14.1	8.0	76.3

\* Revenue less impairment as a percentage of average receivables for the 12 months ended 31 December.

\*\* Impairment as a percentage of revenue for the 12 months ended 31 December.

# SUBPRIME

World Acceptance has remained profitable while operating with strong and stable margins in various economic environments

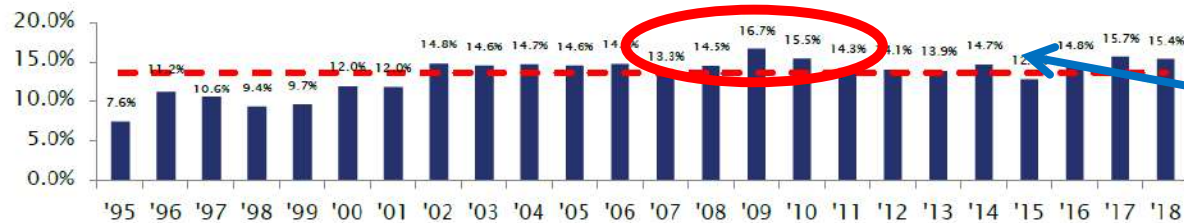
Net Income & Return on Average Assets<sup>1</sup>



Aumento de Beneficios en Crisis

Net Charge-Offs

20+ Year Average NCOs<sup>2</sup>: 13.7%



Aumento del 20% morosidad

Note: Fiscal year-end is 3/31. FY 2018 numbers represent last twelve months.  
 (1) Return on Average Assets is calculated as net income over the Average Total Assets for the respective period. Average Total Assets are defined as a 5-quarter average, ending at the respective period end  
 (2) 20+ Year Average represents average from 3/31/1997 to 3/31/2017

# CACC ( EMPRESA SIMILAR EN USA )

(Dollars in Thousands, Except Per Share Data)	Years Ended December 31,		
	2009	2008	2007
<b>Income Statement Data:</b>			
Revenue	\$ 380,664	\$ 312,186	\$ 239,927
Costs and expenses:			
Salaries and wages	66,893	68,993	55,396
General and administrative (A)	30,391	27,536	27,202
Sales and marketing	14,808	16,776	17,493
Provision for credit losses	(12,164)	46,029	19,947
Interest	32,399	43,189	36,669
Provision for claims	19,299	2,651	39
Total costs and expenses	151,626	205,174	156,746
Income from continuing operations before provision for income taxes	229,038	107,012	83,181
Provision for income taxes	82,992	39,944	29,567
Income from continuing operations	146,046	67,068	53,614
Gain (loss) from operations of discontinued United Kingdom segment (B)	137	307	(562)
(Credit) provision for income taxes	(72)	198	(1,864)
Gain (loss) from discontinued operations	209	109	1,302
Net income	\$ 146,255	\$ 67,177	\$ 54,916
Net income per common share:			
Basic	\$ 4.78	\$ 2.22	\$ 1.83
Diluted	\$ 4.62	\$ 2.16	\$ 1.76

# VALORACION

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- Normal : Históricamente S&U PLC ha cotizado a PER 14x.

Ha habido transacciones en el sector a PER 15x y 4x  
Book value , crecimiento del 8%





# Resumen

- ✓ 8% de Crecimiento
- ✓ PER de 14x histórico
- ✓ 2x Book Value
- ✓ Dividendos de 130p (520p acumulados a 4 años).
- ✓ **Cotiza a 1,600p**
- ✓ **IRR de 18%-21%**

	2020e	2021e	2022e	2023e
EPS	<b>240p</b>	<b>260p</b>	<b>285p</b>	<b>320p</b>
Book Value/acción	1600p	1750p	1850	2000p
Valor a 2x book+div				<b>4,500p</b>
Valor a PER 14x+div				<b>5,000p</b>

# POR QUÉ ESTÁ BARATA?

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1. Brexit
2. Liquidez
3. Empresa value + Financiera + “Subprime”
4. Riesgo regulatorio ( Es bajo por modelo HP y buenas relaciones con el regulador).
5. Small cap poco conocida

