

Kredofinans - Micro-credit organisation development project

Financial company "Kredofinans" is looking for funding to expand micro-credit activities in Ukraine.

The purpose of the project is to generate revenue from a network of offices across the territory of Ukraine and increase the loan portfolio up to 7.5 million USD.

The investment plan calls for raising equity capital of 4.9 million USD for a period of 5 years. Forecast financial performance of the project allows to expect the investor's IRR from 29.6 to 58.8%.

Investment attractiveness

High profitability. The project involves the provision of micro-credit services. The average net profit margin of the business is 50%. On the basis of the proposed project the profitability (IRR) is forecast between 29.6 and 58.8%.

Proven business model. The company uses a proven business model, successfully implemented in the UK, Ireland, South America and Eastern Europe (Provident Financial PLC, International Personal Finance PLC, Domashniye den'gi LTD, etc.), adapted to specific conditions of the Ukrainian market.

Regional expansion. The project involves creation of the network of 26 regional offices. The network will cover the administrative units with the population of 45.6 million people.

Growth of the market. Nowadays the Ukrainian micro-credit market is still premature. In Russia, where this type of activity started developing rapidly in 2010, the average annual growth rate is 70%. The volume of retail loans in Ukraine is 2.5% of GDP, compared to 10% in Russia and 105% in the UK.

Product. The company offers a project in a highly profitable micro-credit market (loans from 120 to 1 000 USD, for a period of 1 to 12 months). The interest rate on loans is from 100 to 200% per annum. High profitability compensates for the risks of the business providing a 50% net profit margin against forecast 25% of loan defaults.

Exit strategy for investor. There are two scenarios for investor to exit the project at the end of its term. The first option is the possibility of selling their stake to the management of the project. The second option is selling the share to a strategic or financial investor.

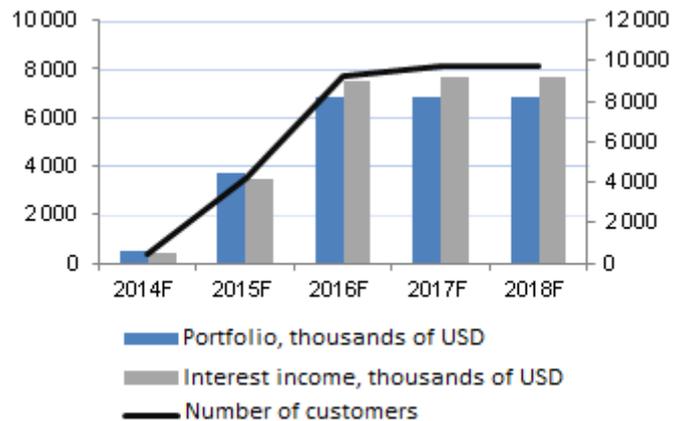
Profitability for investors

Investment period	2014F–2018F
Investment amount, thousands of USD	4 918.3
Investments in 2014	2 439.0
Investments in 2015	2 479.3
Exit from the project	2018F
IRR (dividend payment), %	29.6
IRR (purchase by management), %	46.3
IRR (sale, estimated EV=3xEBITDA), %	58.8

Financial performance of the project

Thousands of USD	2014F	2015F	2016F	2017F	2018F
Revenue	425	3 507	7 491	7 674	7 674
Cost	-1 079	-2 730	-3 337	-3 226	-3 226
EBITDA	-653	777	4 154	4 448	4 448
EBITDA margin, %	-160.0	23.1	58.0	60.6	60.6
Net profit	-678	632	3 470	3 718	3 718
Net profit margin, %	-166.1	18.8	48.5	50.7	50.7

Dynamics of the issued loans portfolio



Financial performance is calculated based on full 12 months of operation.

Schedule of monthly loans and repayments in 2014F-2016F



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