# QIWI Investor Day

November 19th, 2018

London

# CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

«Safe Harbor» Statement under the U.S. Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including, without limitation, statements regarding our business strategy, expected total adjusted net revenue, adjusted net profit and net revenue yield, dividend payments, payment volume growth, growth of physical and virtual distribution channels, trends in each of our market verticals and statements regarding the development of our Consumer Financial Services segment, including our SOVEST business, the development of our Small and Medium Enterprises segment, including our Tochka business, as well as the development of other new projects. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of QIWI plc. to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Various factors that could cause actual future results and other future events to differ materially from those estimated by management include, but are not limited to, the macroeconomic conditions of the Russian Federation and in each of the international markets in which we operate, growth in each of our market verticals, competition, the introduction of new products and services and their acceptance by consumers, QIWI's ability to estimate the market risk and capital risk associated with new projects, a decline in net revenue yield, regulation, QIWI's ability to grow physical and virtual distribution channels, cyberattacks and security vulnerabilities in QIWI's products and services, QIWI's ability to expand geographically, the risk that new projects will not perform in accordance with its expectations and other risks identified under the Caption "Risk Factors" in QIWI's Annual Report on Form 20-F and in other reports QIWI files with the U.S. Securities and Exchange Commission. QIWI undertakes no obligation to revise any forward-looking statements or to report future events that may affect such forward-looking statements unless QIWI is required to do so by law.

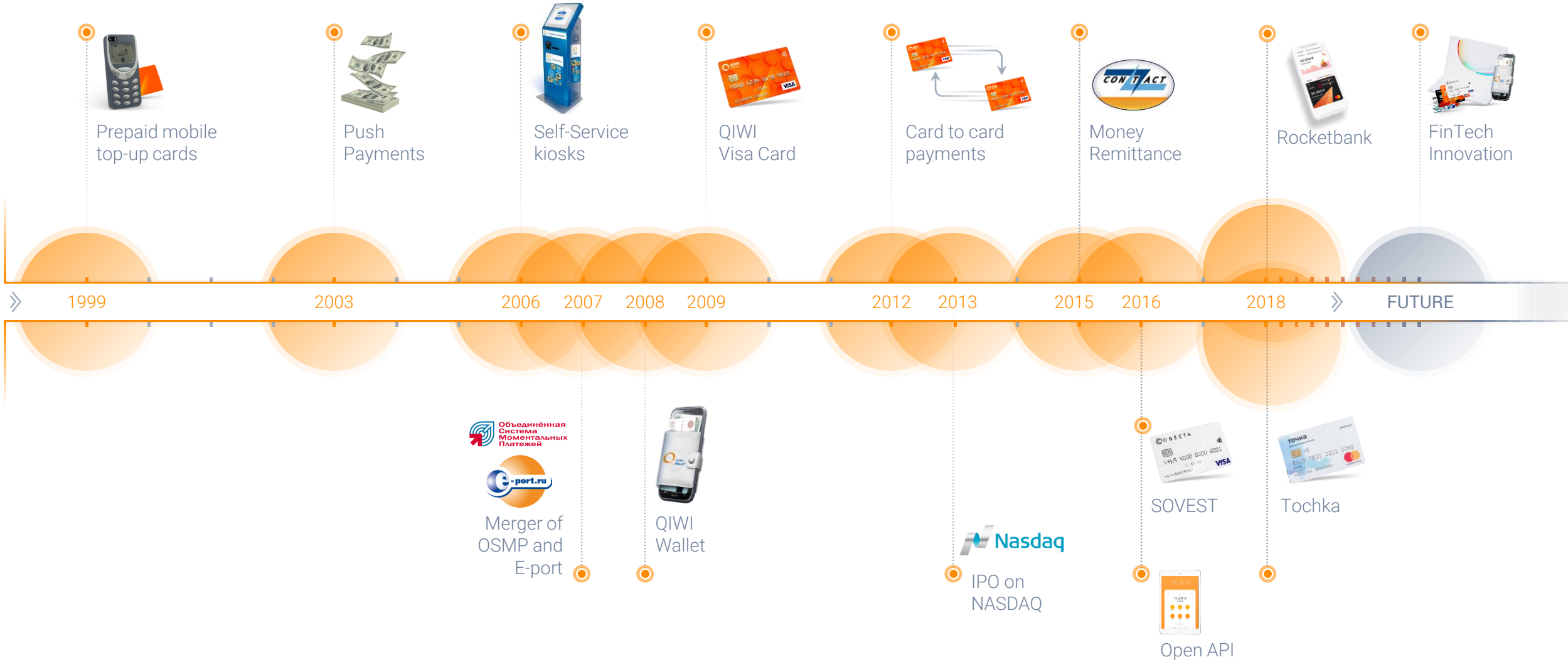
QIWI

**Sergey Solonin**

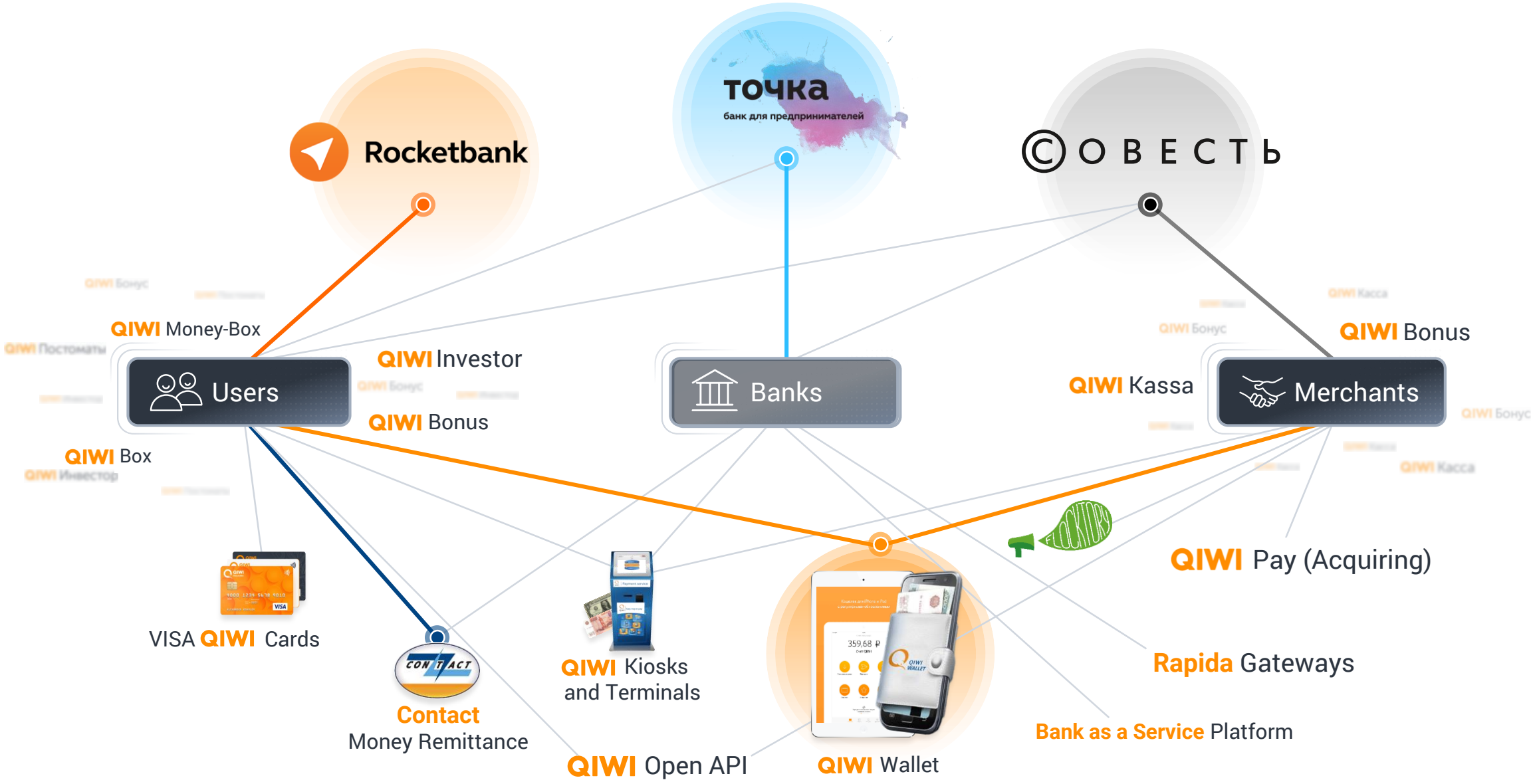
CEO, Director, Founder

# Product and Strategy Overview

# QIWI HAS BEEN LEADING PAYMENT AND FINTECH INNOVATION



# BUILDING DIVERSIFIED DIGITAL ECOSYSTEM



# QIWI AT A GLANCE

Diversified omni channel ecosystem

Ubiquitous presence

Household brand

## Key facts

over 1 tn RUB
Payment Volume in 2018

47+ mn
Unique ecosystem users

20+ mn
Active QIWI Wallets

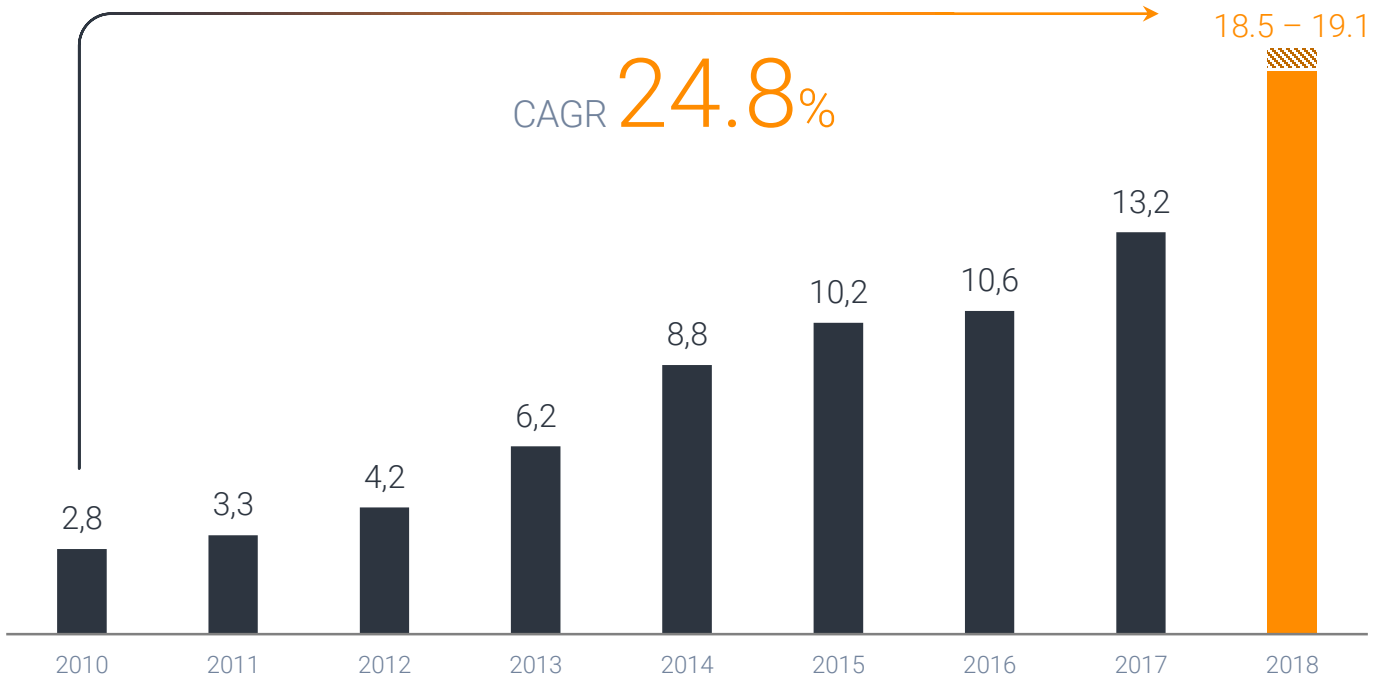
1.3 bn
Transactions in 2017

700+ k
SOVEST cards issued

300+ k
Rocketbank clients

## Total Adjusted Net Revenue

bn RUB



# TEAM

QIWI

## Alexander Karavaev

CFO

## Alexander Agakov

Head of
Payment Services

## Andrey Protopopov

Head of
Product and IT

## Oleg Ryazhenov-Sims

CEO

## Boris Dyakonov

CEO, Co-Founder

## Kirill Ermakov

CTO

# PAYMENT SERVICES

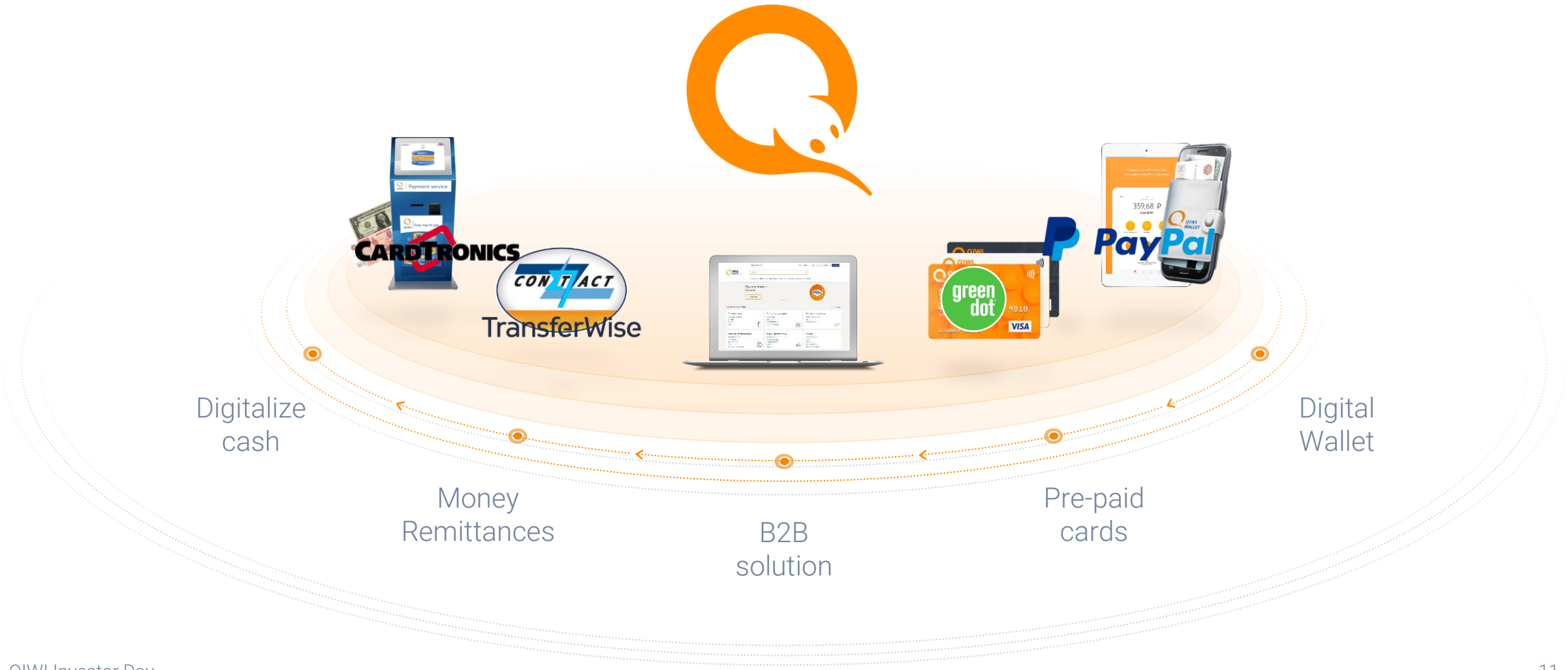

Alexander Agakov

Head of
Payment Services

Andrey Protopopov

Head of
Product and IT

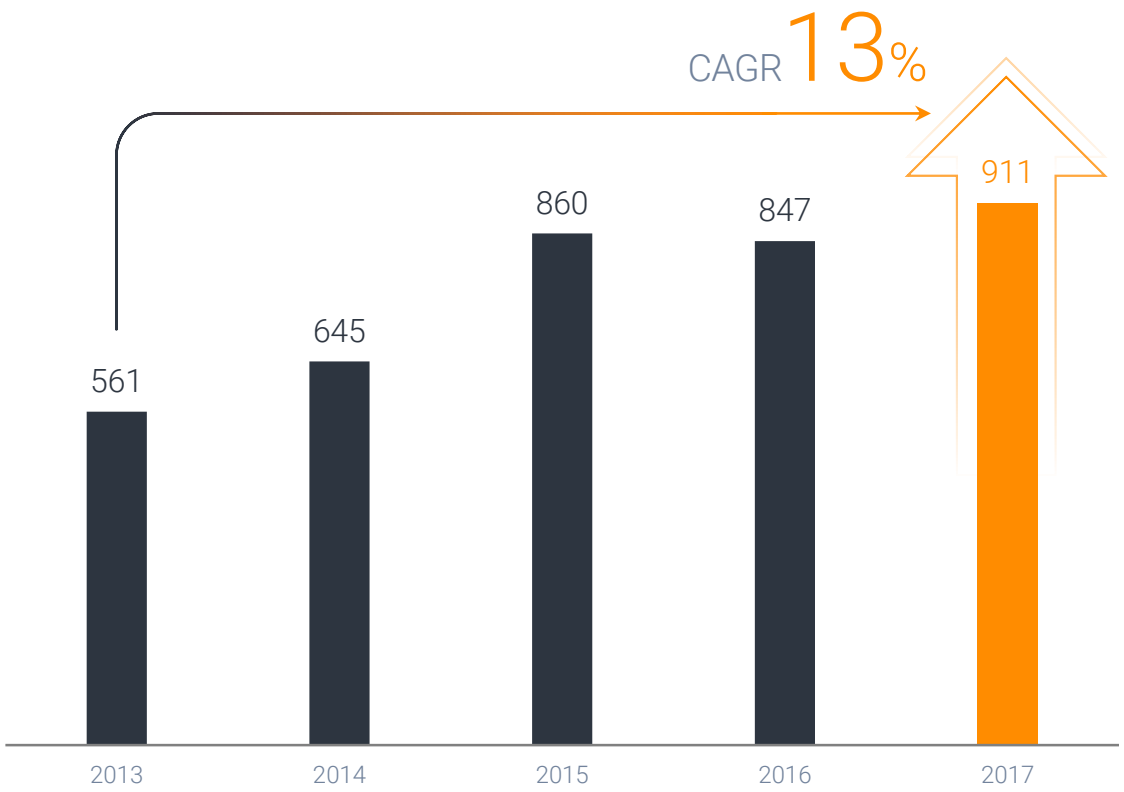
# QIWI IS OFFERING ITS CUSTOMERS A BROAD RANGE OF PAYMENT SERVICES AND USE CASES CREATING A UNIQUE PAYMENT ECOSYSTEM



# PAYMENT SERVICES KEY OPERATING METRICS

## Payment Services Volume

RUB bn




## Key operating metrics

**20.8+ mn**
Active QIWI Wallets

**150 k**
Kiosks and terminals

**12+ k**
Merchants active on a monthly basis

**60%**
Non-banking terminals market share

**500+ k**
Visa QIWI Cards

**5+ k**
Agents

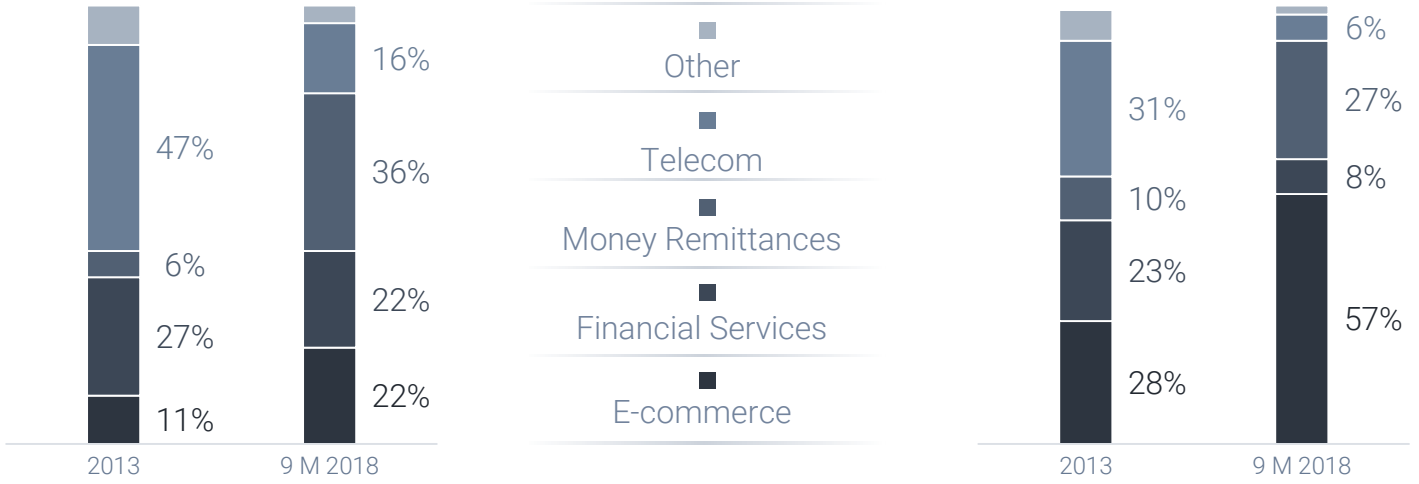
# LET'S TAKE A CLOSER LOOK AT QIWI USERS ?

# USE CASE 1: EVOLUTION OF UNBANKED

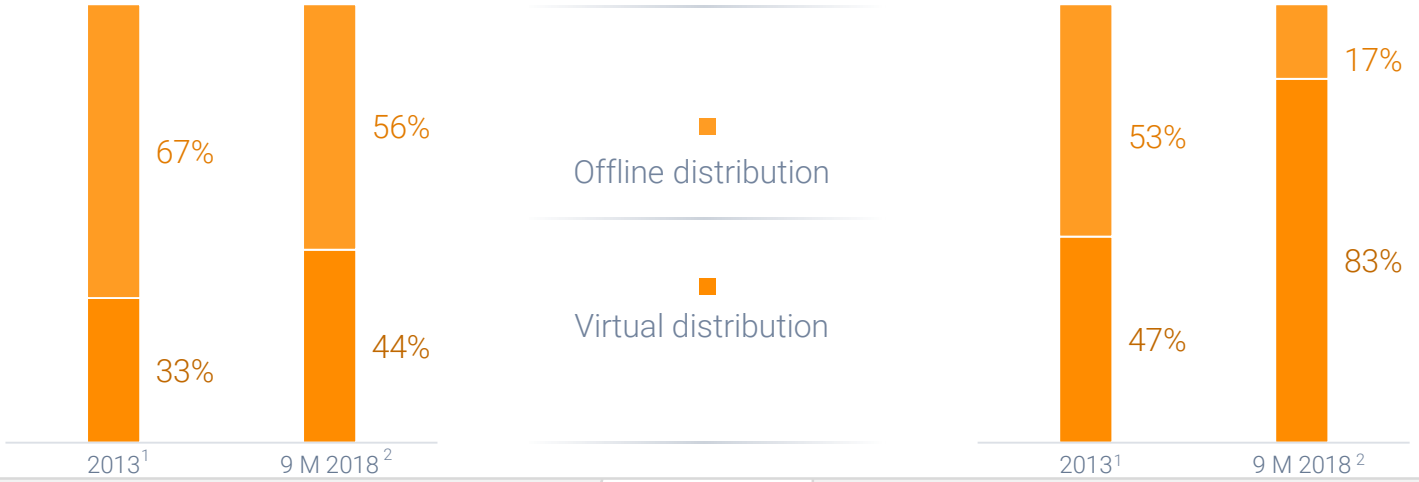
# EVOLUTION OF PAYMENT SERVICES VOLUME AND NET REVENUE MIX

Leading payment digitalization

## BY MARKET VERTICAL




## BY DISTRIBUTION CHANNEL




[1] Information presented is based on the data for QD and QW segments provided in the earnings press release for the fourth quarter and full year 2013, dated March 12, 2014

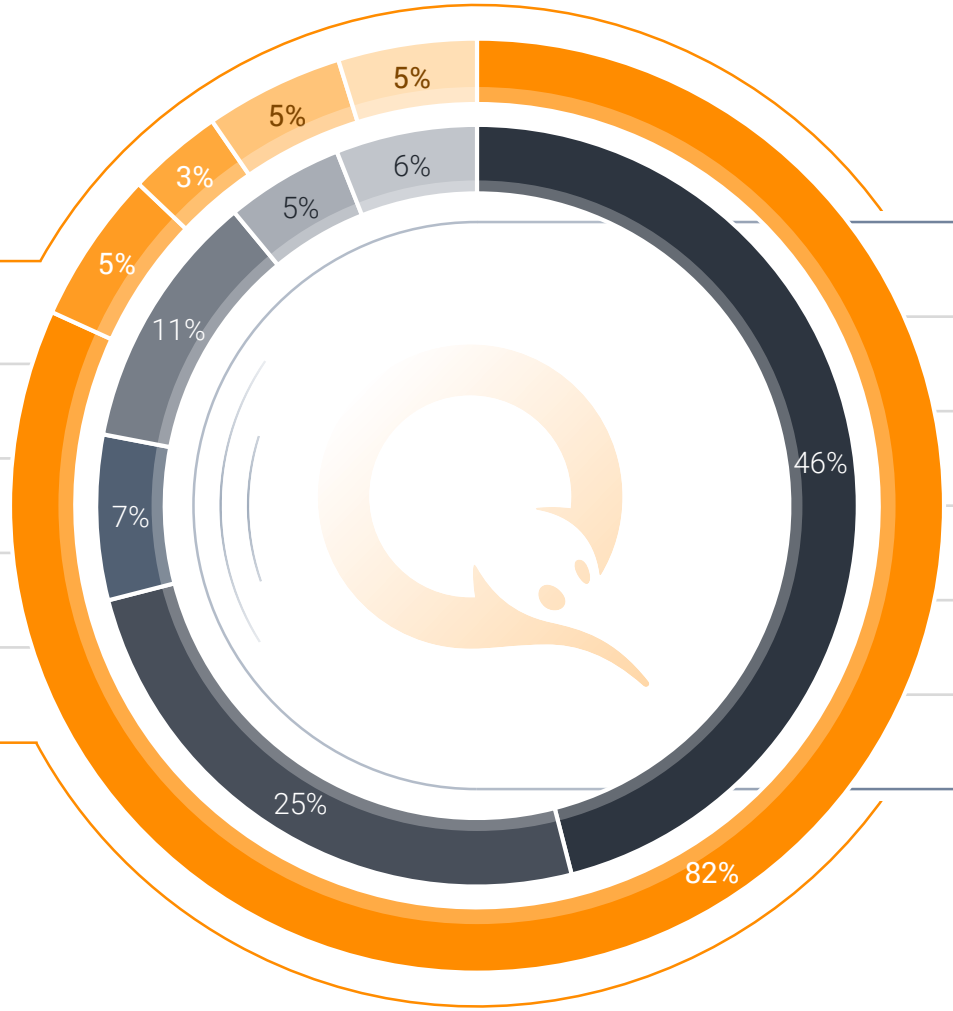
[2] For 9 months 2018 offline distribution includes the following distribution channels: QIWI kiosks and terminals, Contact MR, Rapida gateways, International operation; virtual distribution includes QIWI Wallet. QIWI cards, QIWI Pay

# USE CASE 2: DIGITAL ENTERTAINMENT

# PAYMENT SERVICES NET REVENUE SPLIT

QIWI Wallet offers users a diverse range of digital payment use cases and generates the largest share of revenues underpinned by a omnigenous physical distribution infrastructure

| | |
|---|---|
| 82% | QIWI Wallet |
| 5% | Contact Money Remittance |
| 3% | Retail |
| 5% | Kiosks and terminals |
| 5% | International |



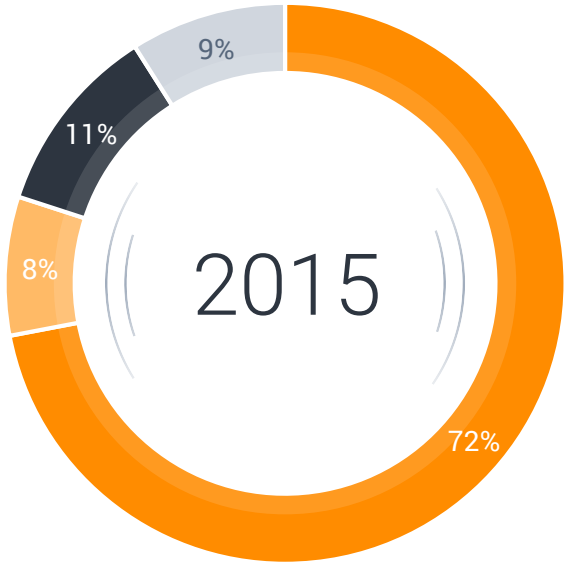

| | |
|---|---|
| Digital Entertainment | 46% |
| Digital Money Remittance | 25% |
| Other E-commerce | 7% |
| Financial Services | 11% |
| Physical Money Remittance | 5% |
| Telecom + Other | 6% |

# QIWI WALLET IS A MULTI USE CASE DIGITAL PAYMENT SOLUTION

Secular trends towards decreasing share of cash underpin diversification of Wallet top-up channels

## QIWI Wallet Top Up by source

Cash Card Payouts Other



Increasing share of payouts in the top up structure demonstrates the development of the Wallet ecosystem

## Key Wallet use cases

01 Top up with cash or online, pay to various merchants

02 Payouts to the Wallet of winnings, salaries and alike by partners

03 Small business use Wallet to get payments via p2p for goods and services

04 Use pre-paid card linked to the Wallet to pay in-store or cash-out in the ATMs

05 Me2Me money transfer to cards and bank accounts

# QIWI WALLET PROFOUND TRANSACTION MONETIZATION POTENTIAL

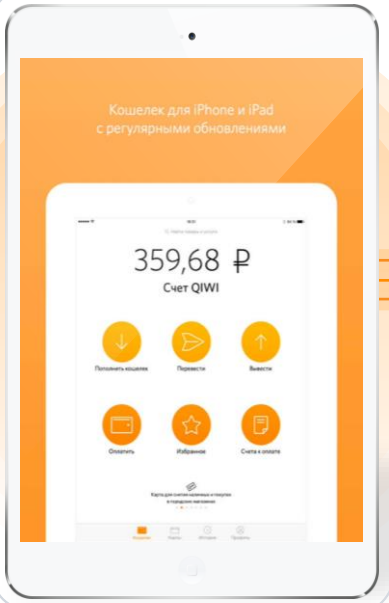
QIWI specializes in payments and knows how to balance growth and user monetization through different strategies

**Top up with Cash**
Free for user
QIWI pays % to the agent

**Top up with the Card**
Free for user
QIWI pays % to the bank

**Money Transfers/ Payouts**
Free for user. Free for QIWI
The transferor (B2B cutomer or partner) pays % to QIWI

## QIWI WALLET




**Pay for goods and services**
merchant pays %
to QIWI

**Transfer Money**
user pays %
to QIWI

**Cash out**
user pays %
to QIWI

**1.24%**

**Payment Services Segment Net Revenue Yield**

= Merchant / User / Partner commission – Top up cost

# USE CASE 3: TAXI DRIVERS/COMPANIES

# KEY FOCUS: B2B2C STRATEGY FOR SHARING ECONOMY

QIWI is a platform best suited to service the emerging sharing economy businesses and consumers as well as merchants and individual entrepreneurs who need multi use case platform payment and financial solutions

## Payment infrastructure

### Payments solutions
for taxi aggregators

UBER maxim

### Payouts to wallets/cards
for marketplaces

airbnb Ruslom.ru Payoneer

### Escrow payments
for large platforms

Avito FREELANCE

### P2P
and wallets as a platform

QIWI

## API

### QIWI Wallet API
Automatization of wallet operations

# USE CASE 4: OPEN API

# USE CASE 5: SELF-EMPLOYED

# KEY FOCUS: SELF-EMPLOYED

QIWI is a platform best suited to service self-employed individuals, freelancers and individual entrepreneurs

**15+**
million[1]

Self-employed in Russia in 2017

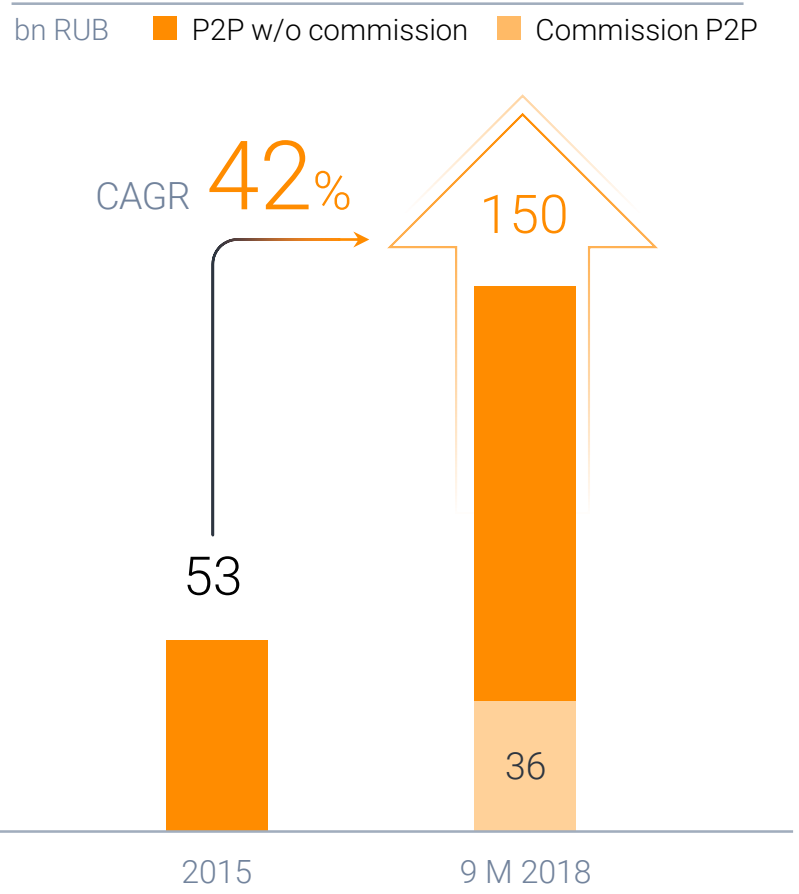
**~10**
RUB trillion[2]

Payment turnover among participants

**10-13**
% of GDP

Share of GDP

## P2P Payment Volume




[1] According to Ministry of Labor and Social Development

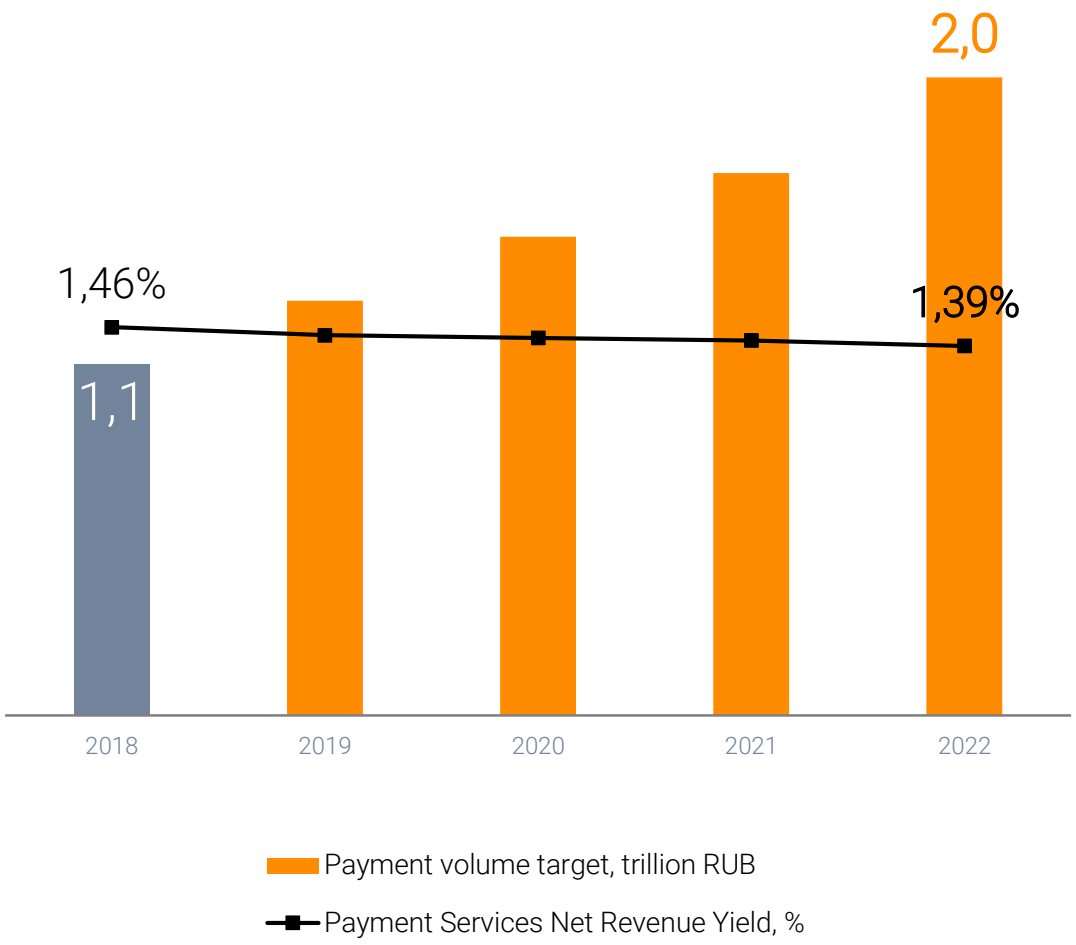
[2] Federal State Statistics Service

# PAYMENT SERVICES OPERATING TARGETS OUTLOOK

## Key goals

- Develop and enhance key products
- Grow market share in key niches
- Facilitate user transition from offline to online
- Build up suite of services for B2B partners to strengthen existing and create new partnerships
- Implement new use cases, services and features for sharing economy and self-employed customers

## Key targets

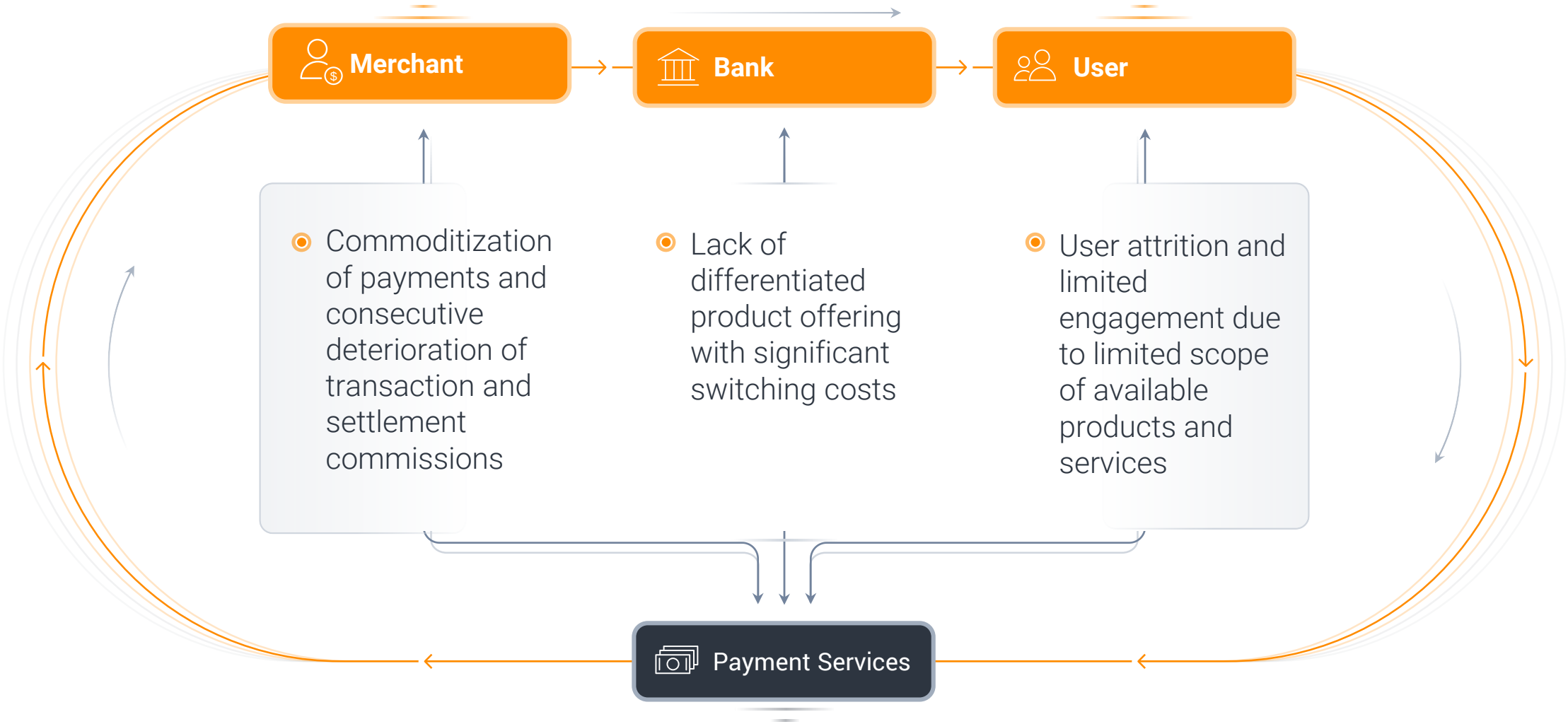


# NEW GROWTH OPPORTUNITIES

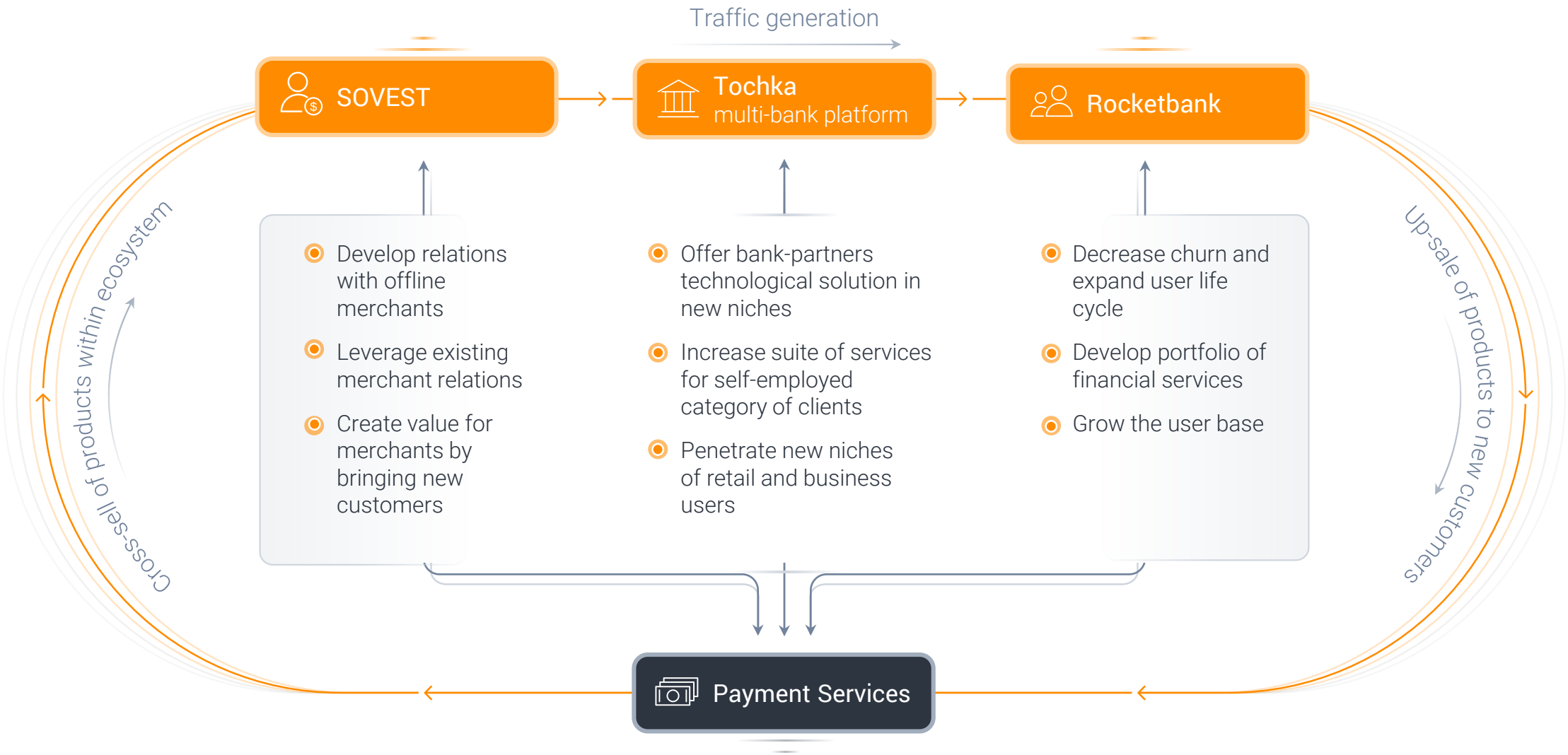
**Sergey Solonin**
CEO

# KEY STRATEGIC CHALLENGES

In order to maintain our leading position we have to constantly innovate and offer our users and partners new value added services that would increase monetization potential and strengthen our relationships



# KEY STRATEGIC DIMENSIONS



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# A PAY-BY-INSTALLMENT CARD

Oleg Ryazhenov-Sims
CEO

# 2 YEARS OF SOVEST

СОВЕСТЬ

Nationwide clients acquiring network/infrastructure

Issuing capacity of 70,000+ instalment cards/month

Advanced technology for acquiring client that allows to go through application process within seconds

Extensive retail partnership network

Major retailers of electronics, fashion, travel, furniture and DIY, food, entertaining are part of SOVEST network

Advanced risk modelling and scoring

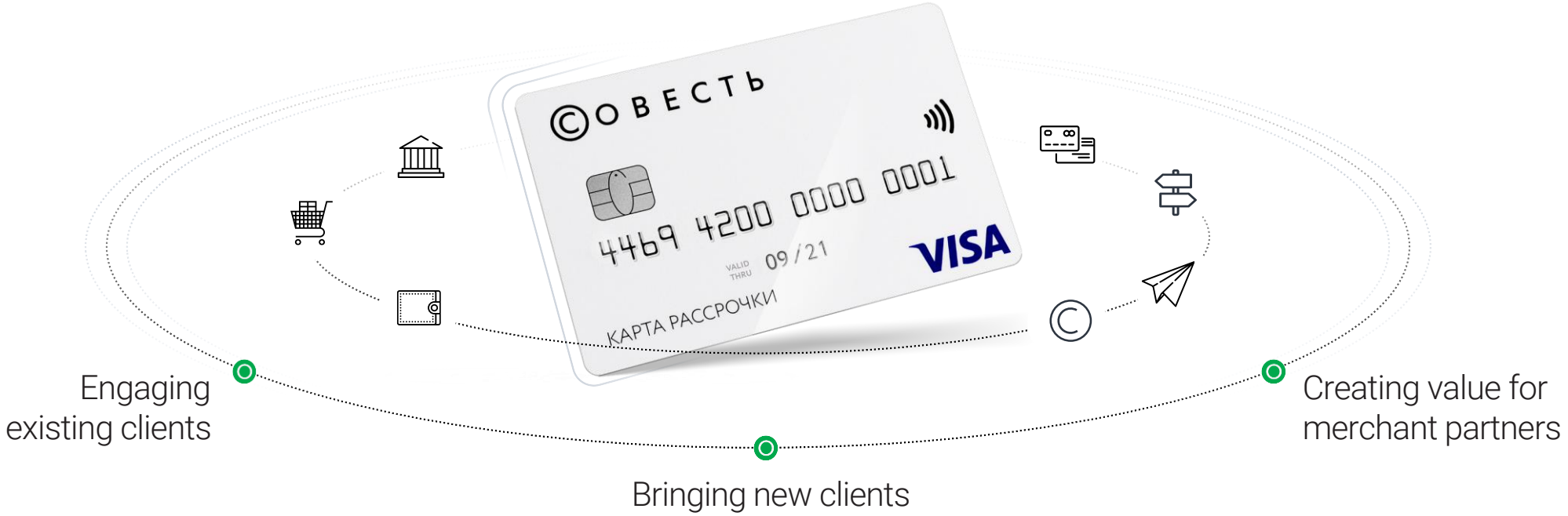
700,000+

cards issued

50,000+

partner network

## Sovest became a significant part of QIWI ecosystem




| | |
|---|---|
| Every SOVEST card holder gets a QIWI Wallet | QIWI Wallet users, who get a SOVEST card transact with higher average check with the same merchants<br>Aliexpress SOVEST average check is 4 times higher than Aliexpress QIWI average check |

# SOVEST VALUE PROPOSITION

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**SOVEST makes profit from credit portfolio turnover**

The shorter period of the loan and the smaller portfolio is, the more profit SOVEST makes

## CLIENT

- 0% APR
- No hidden commissions or insurances
- No banking bureaucracy

**400,000+**
applications/month

**1** mn
transactions/month

## MERCHANT

- New customers
- Larger average basket size
- Higher shopping frequency

Up to **100**%
average check increase

Up to **20**%
of merchant turnover with SOVEST generated by new customers

## BANK

- New low CoCA clients
- Increasing revenue per client by cross-selling other bank products
- Online banking infrastructure

# SOVEST REVENUE MODEL

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## 2020 »

## 2018-2019 »

### Customer commissions

of various options beyond free basic product:

- ATM withdrawal
- Paid longer instalment periods
- Acceptance in the stores that are not in partner network
- Acceptance abroad

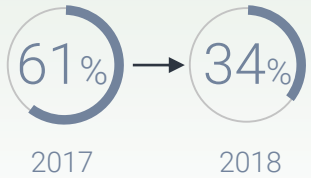
Revenue share

## 2017 »

### Merchant commission

per transaction from partners retailers

Revenue share




### Bank partners commission

of various services from lead generation to full infrastructure:

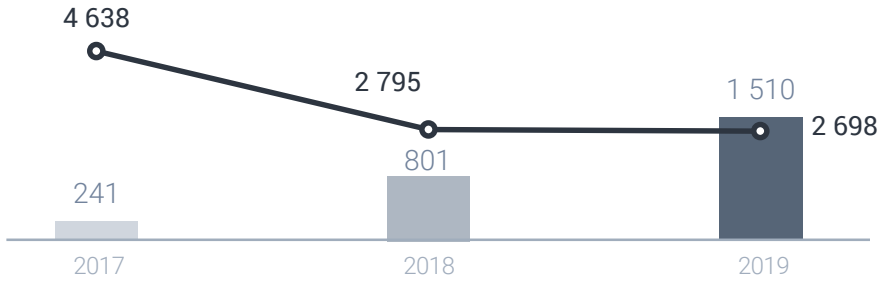
- Onboarding new clients
- On-line banking infrastructure – acquisition, delivery, IT
- Cross-selling bank partner's products

# SOVEST KEY OPERATING METRICS

СОВЕСТЬ

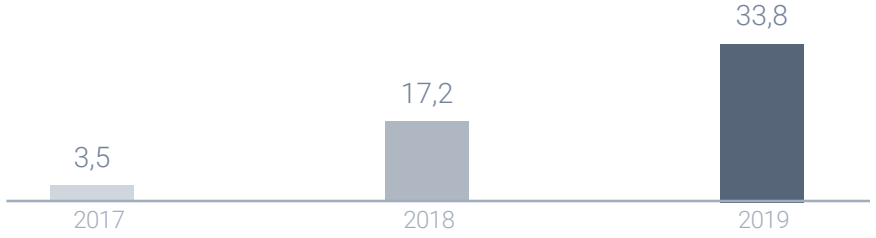
Cards issue,
cumulative, 000's

CoCA,
RUB




Number of cards issued is growing as cost of customer acquisition is decreasing

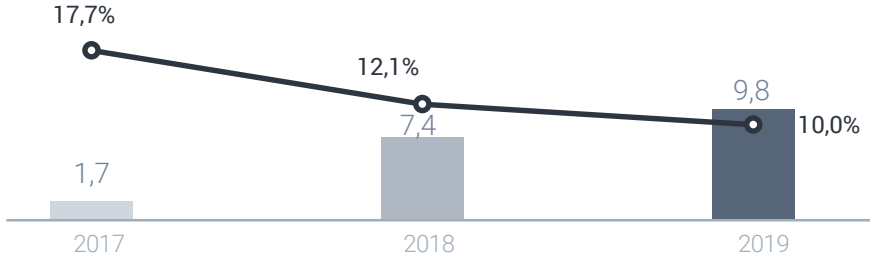
SOVEST payment volume,
bn RUB




Payment volume is rapidly growing, driven by number of cards issued

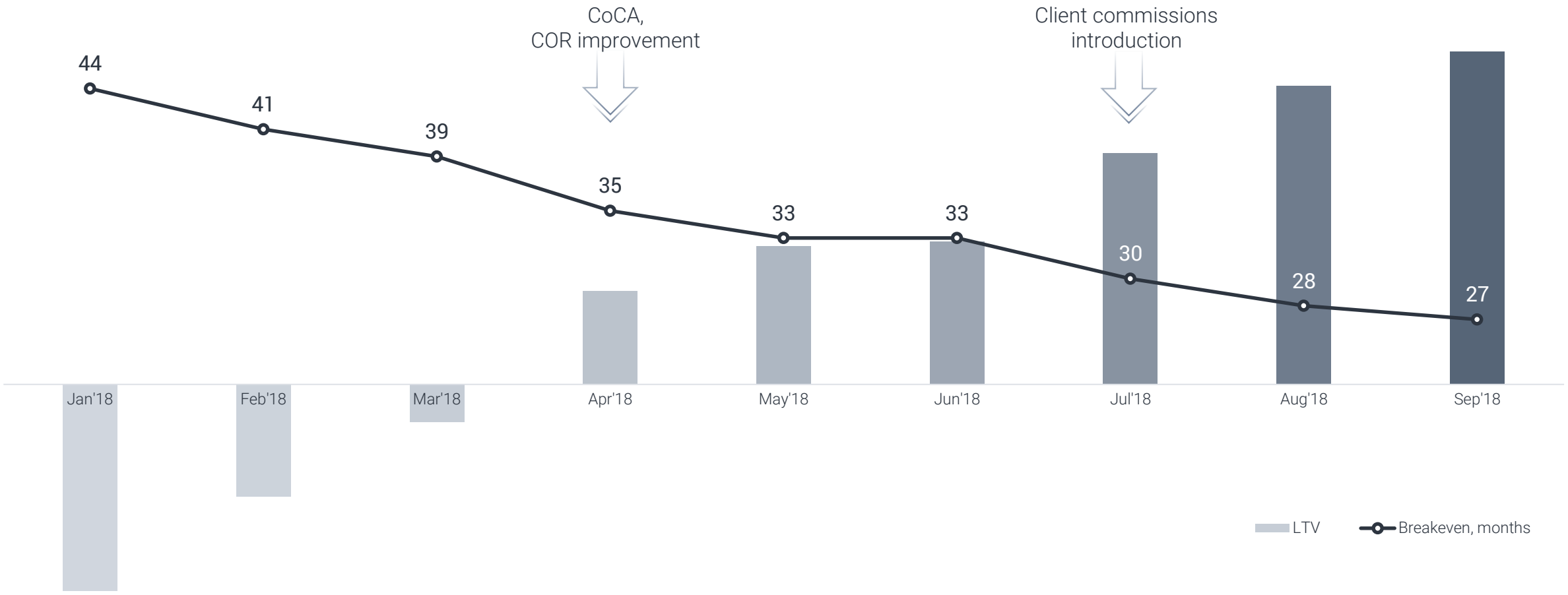
Credit portfolio,
bn RUB

COR,
%




Growing credit portfolio with increasing quality (lower COR)

# LTV BY MONTHLY VINTAGES 2018




Lifetime = 37 months (lower level of LT achieved with Exponential Smoothing analysis of client life time)

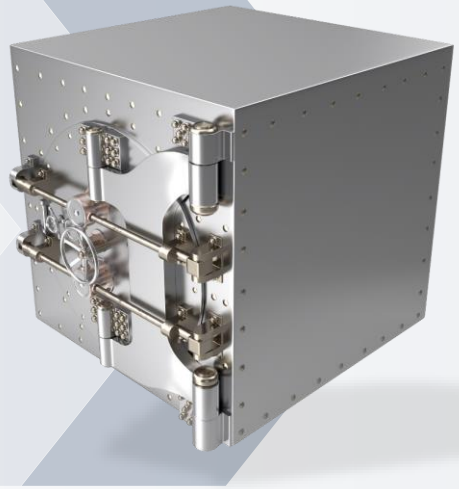
# WHAT IS A SOVEST MULTI-BANK

One of the key priorities is developing SOVEST under the multi-bank model which connects partner banks and effectively scales the business by creating a platform enabling consumers to borrow from the balance sheets of partner banks

# MULTI-BANK VALUE PROPOSITION

## SOVEST

COF and COR are transferred to the partner banks. Partner bank keeps the loans on its books. SOVEST reduces costs and scales up the project



## PARTNER BANK

- New low CoCA clients
- Increasing revenue per client by cross selling other bank products
- IT and online banking infrastructure

# STRATEGY 2019 – FORWARD

First pay-by-installment card project in Russia

## Key goals

**Accelerating Net Revenue growth**

Consumer value added services

Higher fee revenues

New product features

Cross-sell

Growing the number of customers

Developing the project to achieve economies of scale

Improve LTV

Increase user loyalty to secure better user economics

Develop merchant pool

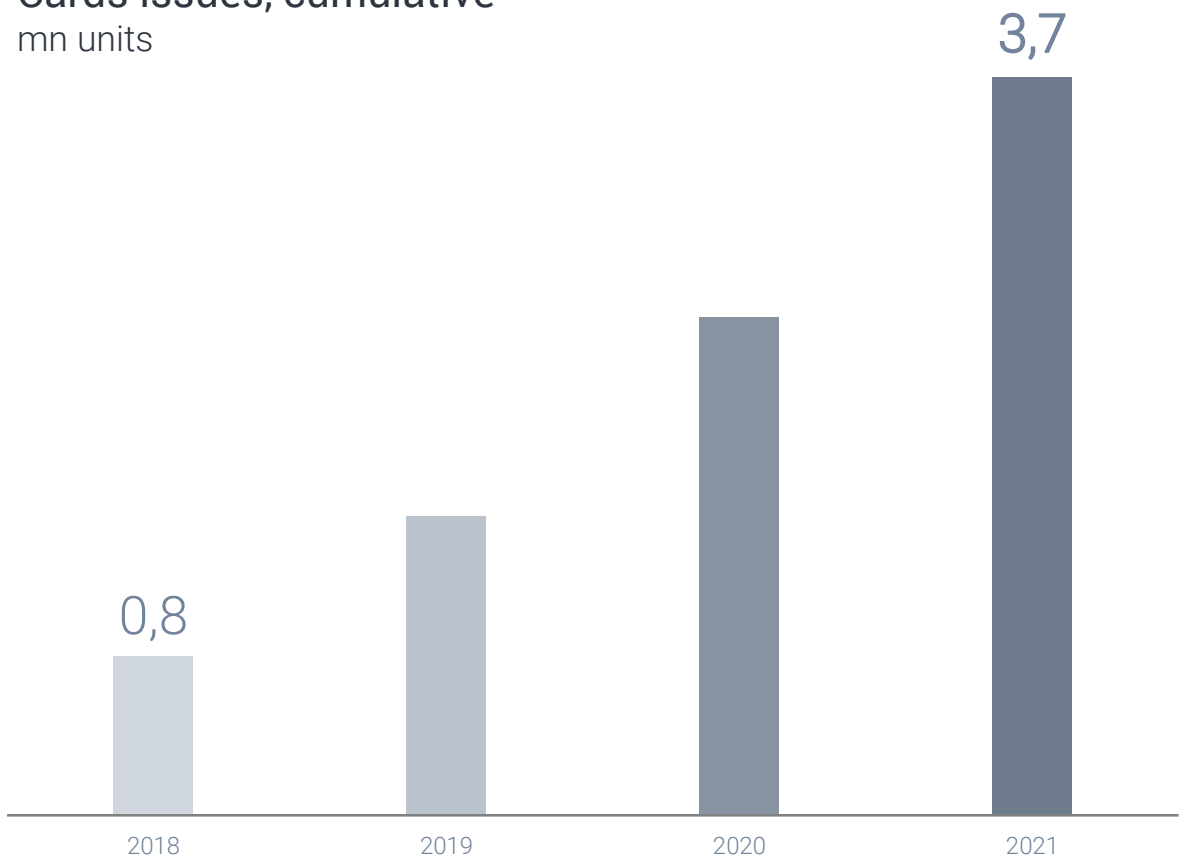
Maintain and reinforce value proposition for merchants

**Test and scale the multi-bank mode**

## Key target

Cards issues, cumulative

mn units



точка
банк для предпринимателей

# ТОСНКА

## A leading player in the SME segment


**Boris Dyakonov**

CEO, Co-founder

# TOCHKA AT A GLANCE

Innovative digital banking service for entrepreneurs

точка
банк для предпринимателей

## The largest digital SME bank in Europe

Broad range of banking products and services – all online

Non-financial services

## The world's largest multi-banking solution

Creates value for both customers and partner banks

Highly scalable

## Unique team and proven business model

Technological solutions and know-hows

Unique quality of client experience

# TOCHKA – ONE OF THE LEADERS IN THE SME SEGMENT

TOCHKA is well known for its unique approach to servicing its clients

## Market size

Number of companies

**Tochka's market share**

**75**

Net Promoter Score – highest on the market

**4 consecutive years**

Best mobile and internet bank for business

by Markswebb Rank&Report

**3rd place**

Best mobile app (Peer Recognition Award category)

by Efma

# TOCHKA PRODUCT OFFERING

Tochka offers a broad range of banking, financial and non-financial products and services for small and medium businesses

## Banking products

- Debit card, deposits, overdraft
- Acquiring
- Payroll settlement
- Bank guarantees

## Financial services

- Loyalty program
- Online accounting
- Tax calendar and electronic submission of filings
- Sole Traders & LLC registration

## Client-friendly functions

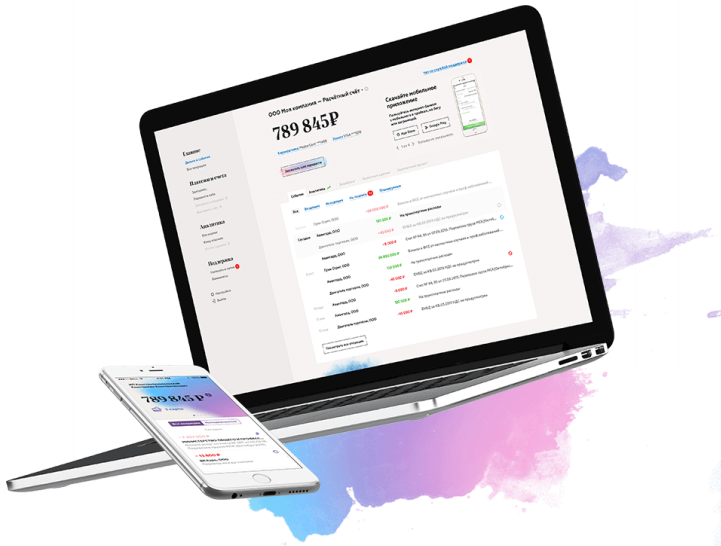
- Online onboarding of clients and support
- 24/7 service
- Online dash boards and analytics

# TOCHKA PRODUCT OFFERING

точка
банк для предпринимателей

## WHAT MAKES US DIFFERENT?

Mobile & internet bank for all operating systems and devices




First multi-bank platform

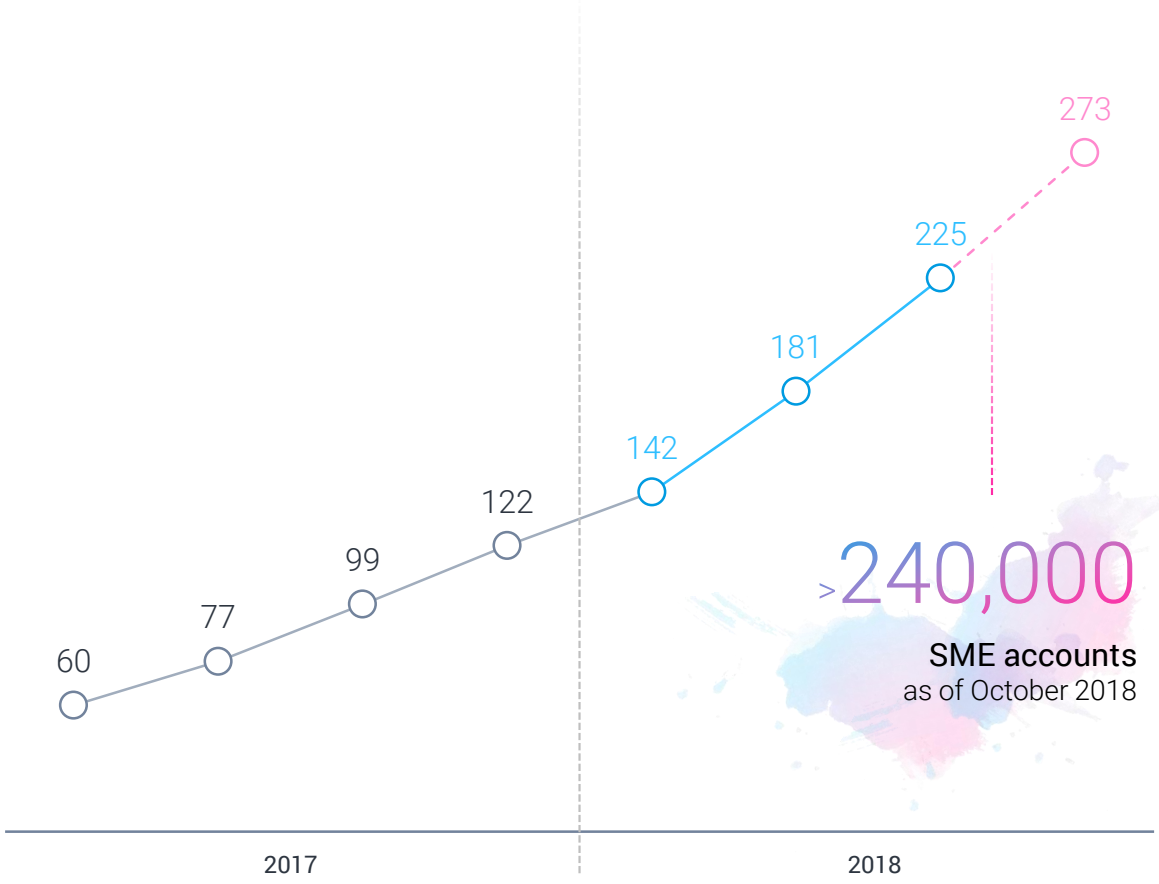
Open API for integration with any services

Gamification

# TOCHKA KEY OPERATING METRICS: STRONG GROWTH

## Open accounts, cumulative

000's

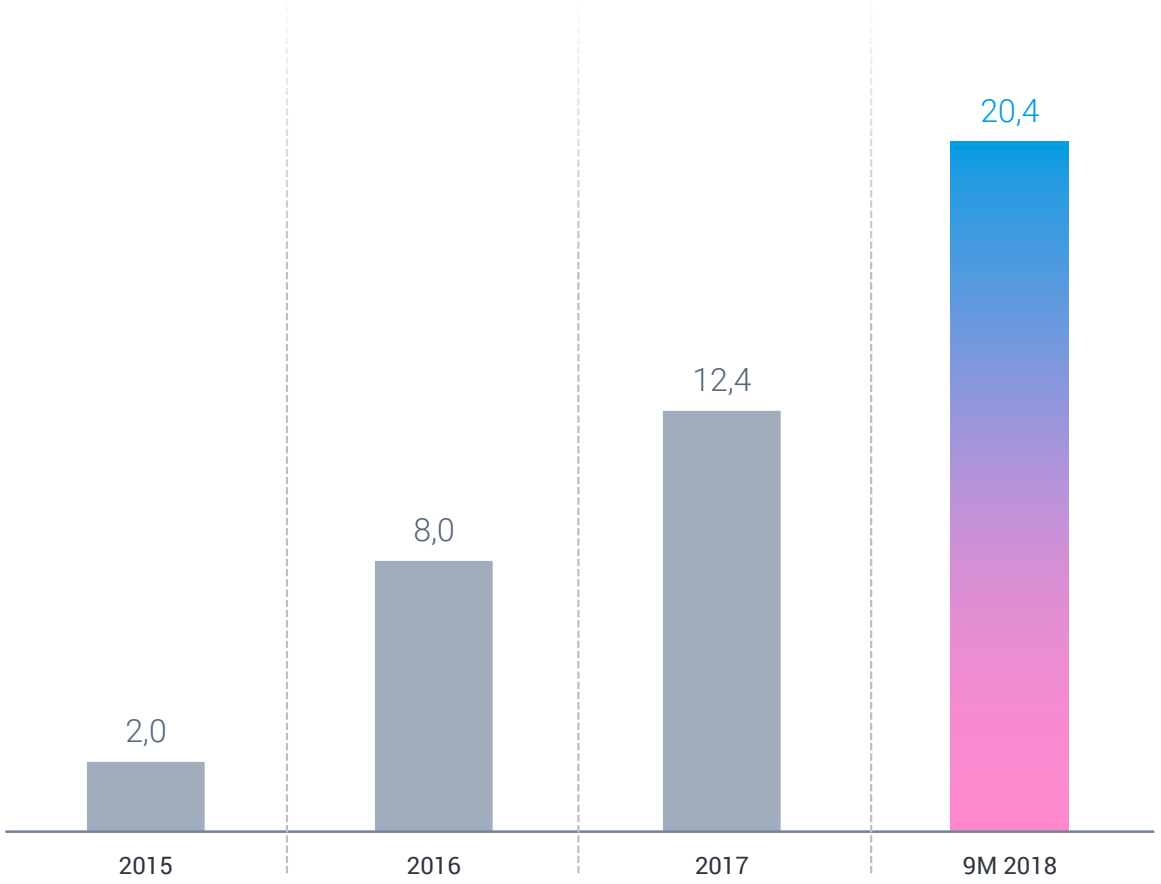



>240,000

**SME accounts**
as of October 2018

## Client Deposit Balances

bn RUB

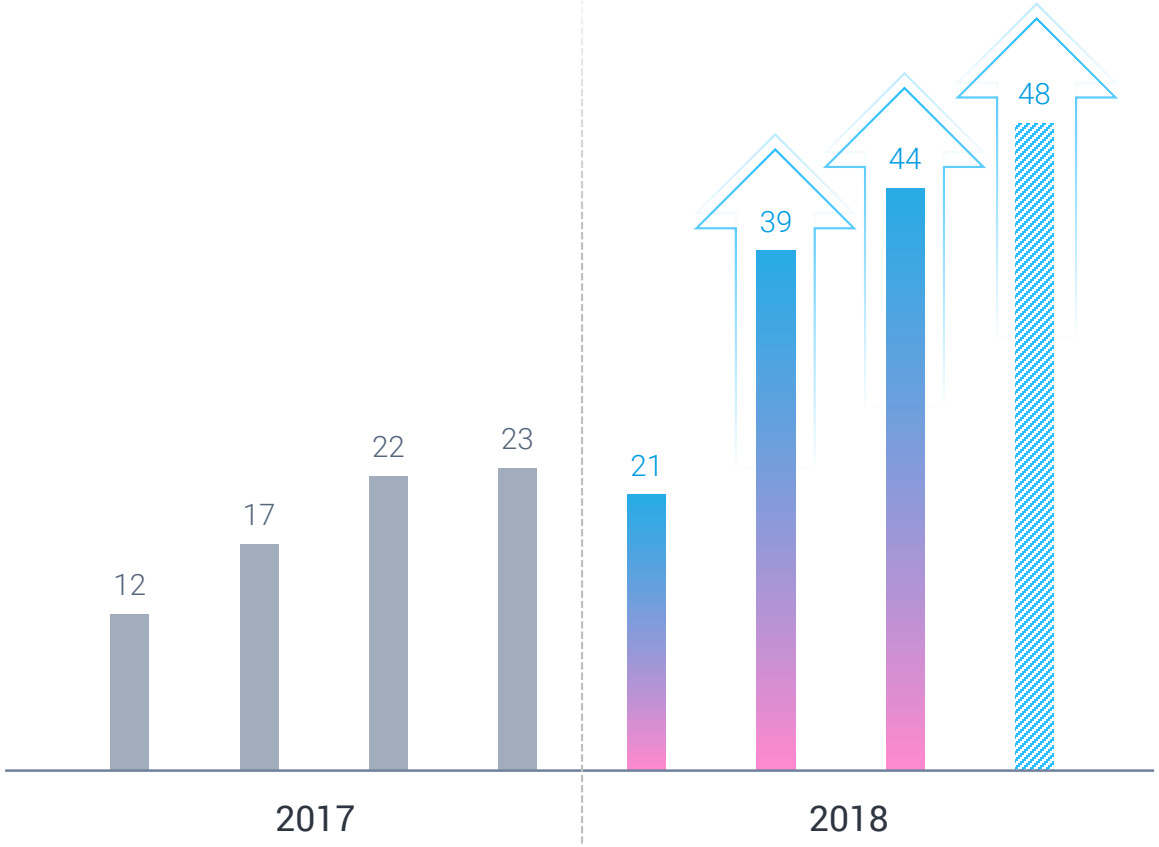


# TOCHKA KEY OPERATING METRICS: BUSINESS MODEL

Accelerating client growth with attractive income structure

## Open accounts

000's




## Income structure October 2018

| | |
|---|---|
| Net interest income | 28% |
| Subscriptions | 33% |
| Payments & non-financial services | 39% |

Main target is to increase the share of high-margin clients, in particular through the development of non-financial services

# TOCHKA: USER EXPERIENCE

точка
банк для предпринимателей

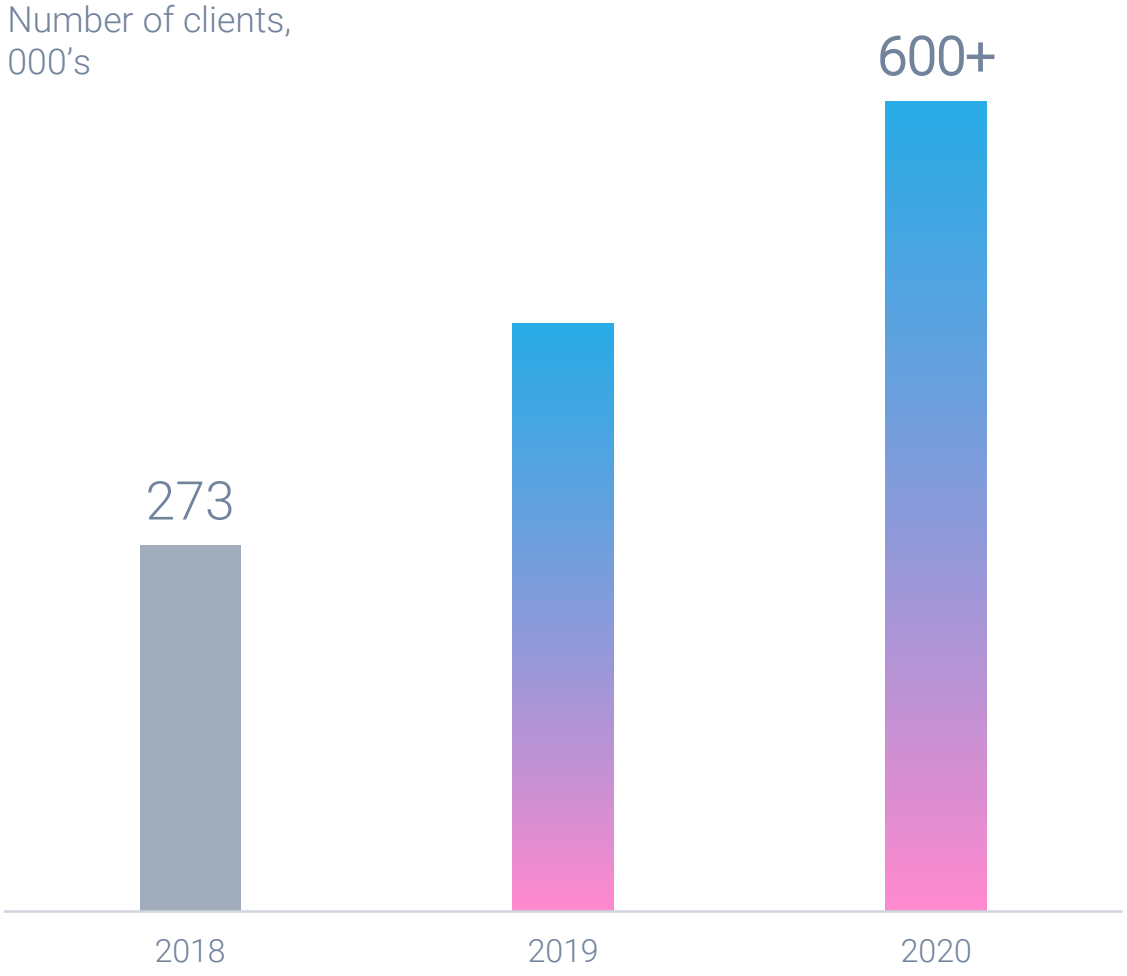
# STRATEGY

точка
банк для предпринимателей

## Key goals

- Conquer market share using strong momentum and our brand value and NPS
- Increase efficiency and LTV
- Extend Multi-bank model
- Extend suite of non-banking services
- Reinvent the concept: bank for entrepreneurs 2.0 with ”all-in-one” mobile experience

## Key target



Рокетбанк

# A WILD CARD

# ROCKETBANK AT A GLANCE

Рокетбанк

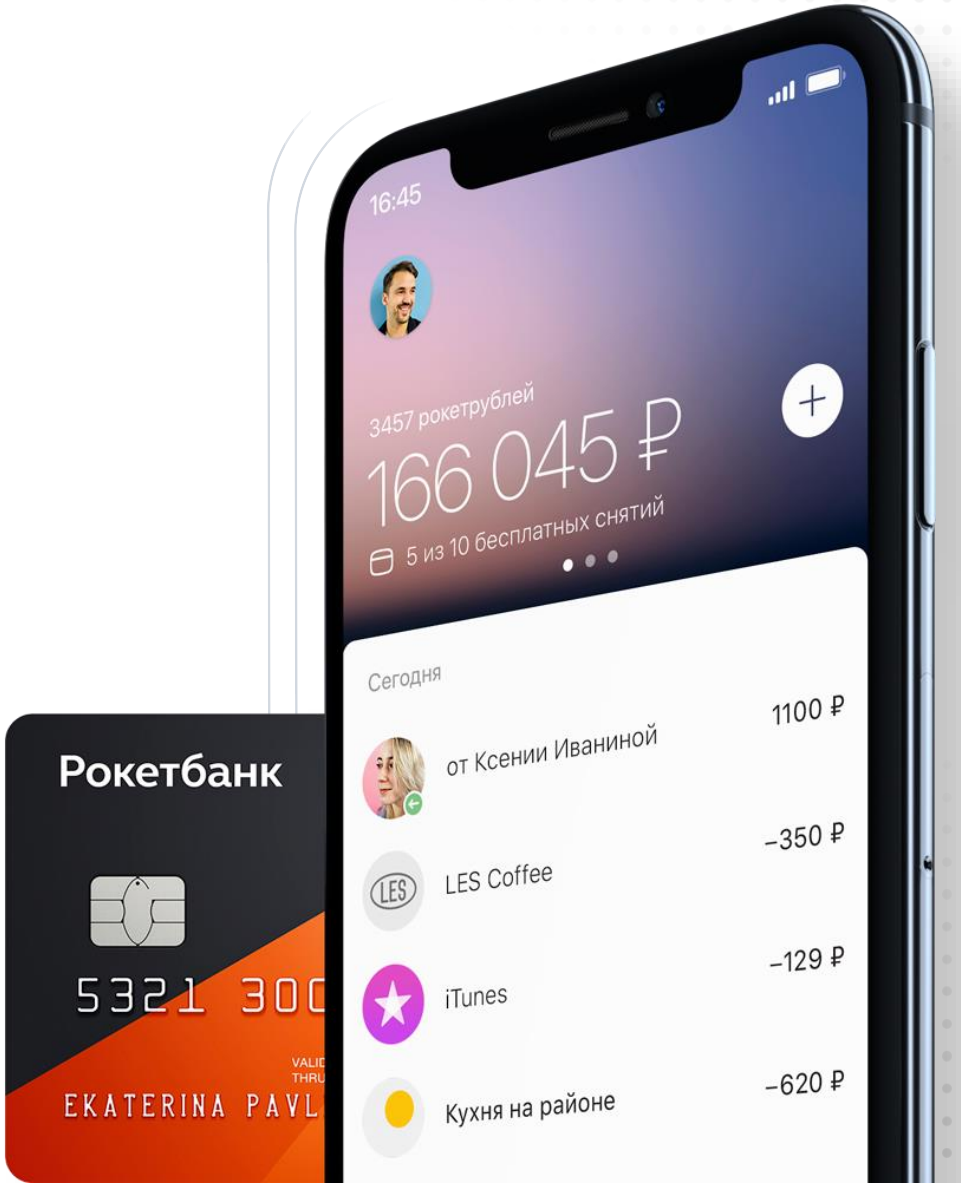
100% digital neobank

Robust technology – digital only UX

Fast and seamless on-boarding – fast delivery with minimal paper work

Attractive value proposition for the user - % on current account balances, loyalty programs

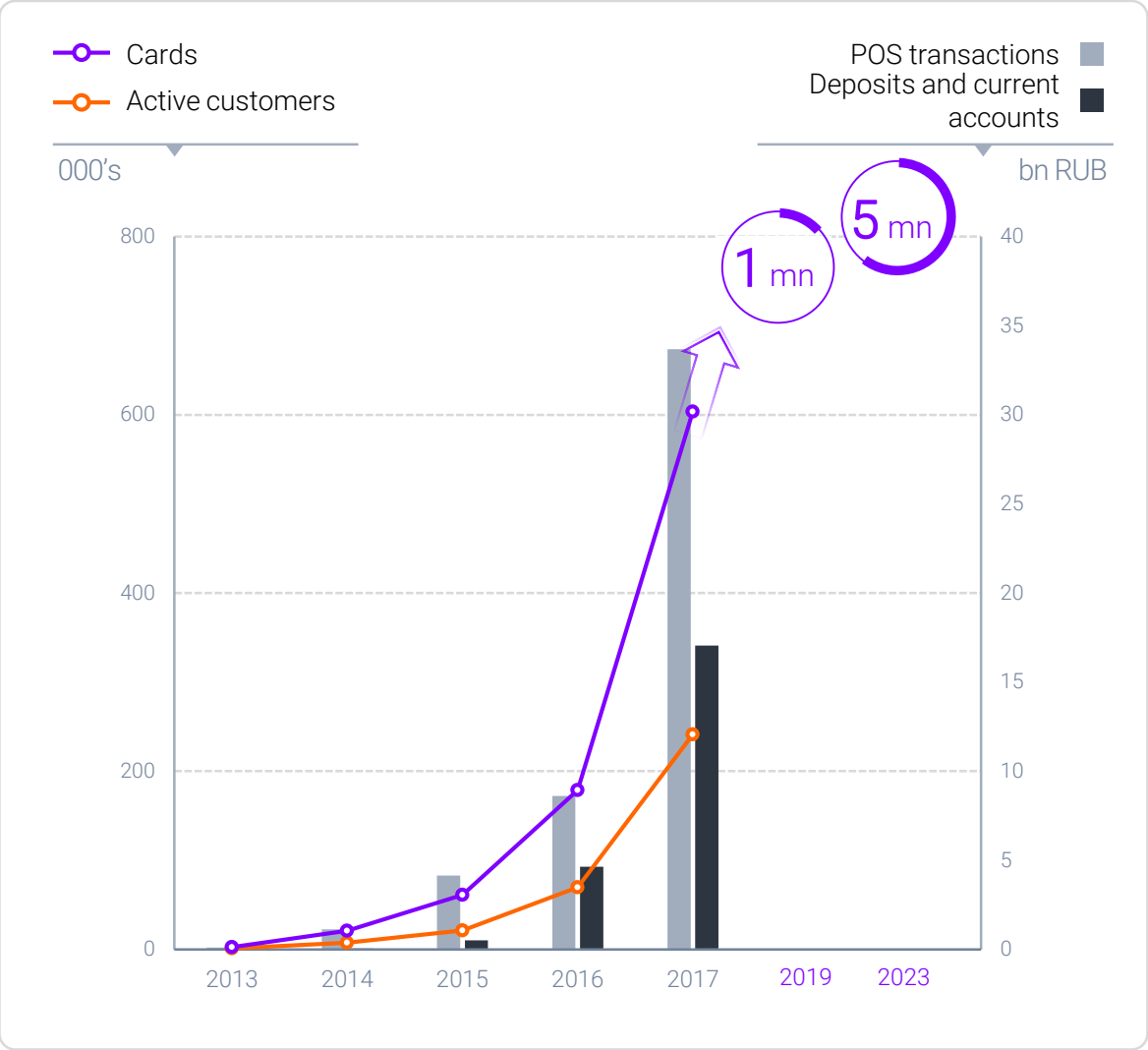
| | | | |
|---|---|---|---|
| Deposits | Current accounts | Payments | Insurance |
| Debit Card | | | |
| Mobile App | | | |



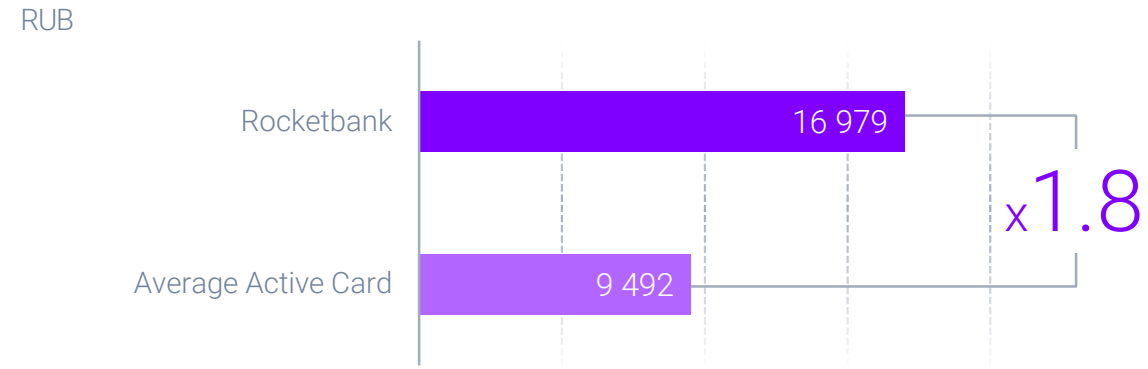
# ROCKETBANK: A PRODUCT FOR GEN Y AND Z USERS

Рокетбанк

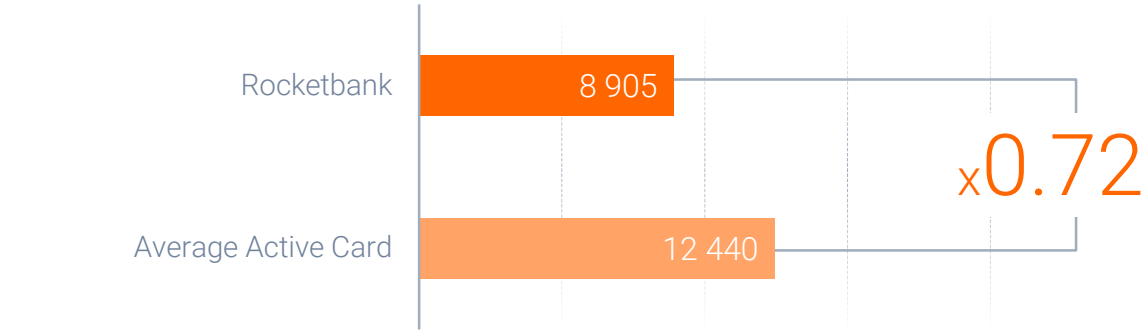
Fast growing consumer base with attractive profile




## Monthly POS transactions per active user




## Monthly cash-out transactions



# GEN Y AND Z ARE THE MOST ATTRACTIVE CUSTOMERS

Рокетбанк

Millennials are young, earn money and have long consumer life-cycle
They are the most attractive audience for businesses who look into the future

- Age 20-35
- Have income
- Travel a lot

- Grow with smartphones in hand
- Own culture of communication
- Low response to usual advertising
- Value emotional interaction with companies and brands

# love 50% come from friends brand

# KEY TO SUCESS

Rocketbank is more an IT company or a creative agency than a bank

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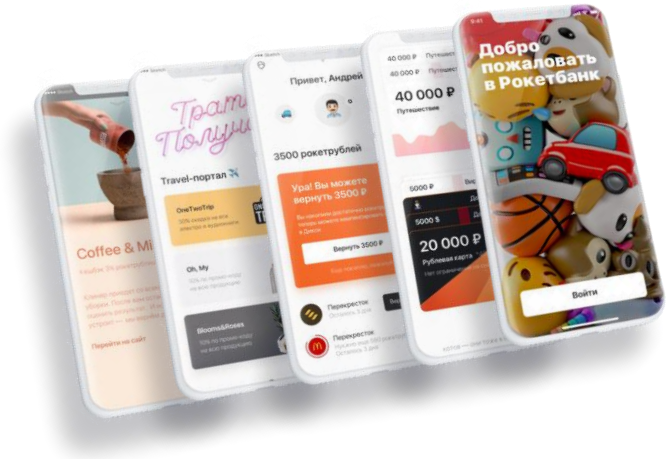



IT

$150
UAC

$20
UAC

MARKETING

SERVICE

# WILDCARDS

## CREATING SUPER-INNOVATIVE PRODUCTS WHICH ARE POTENTIAL GAME-CHANGERS

Рокетбанк

# The ultimate gamification experience

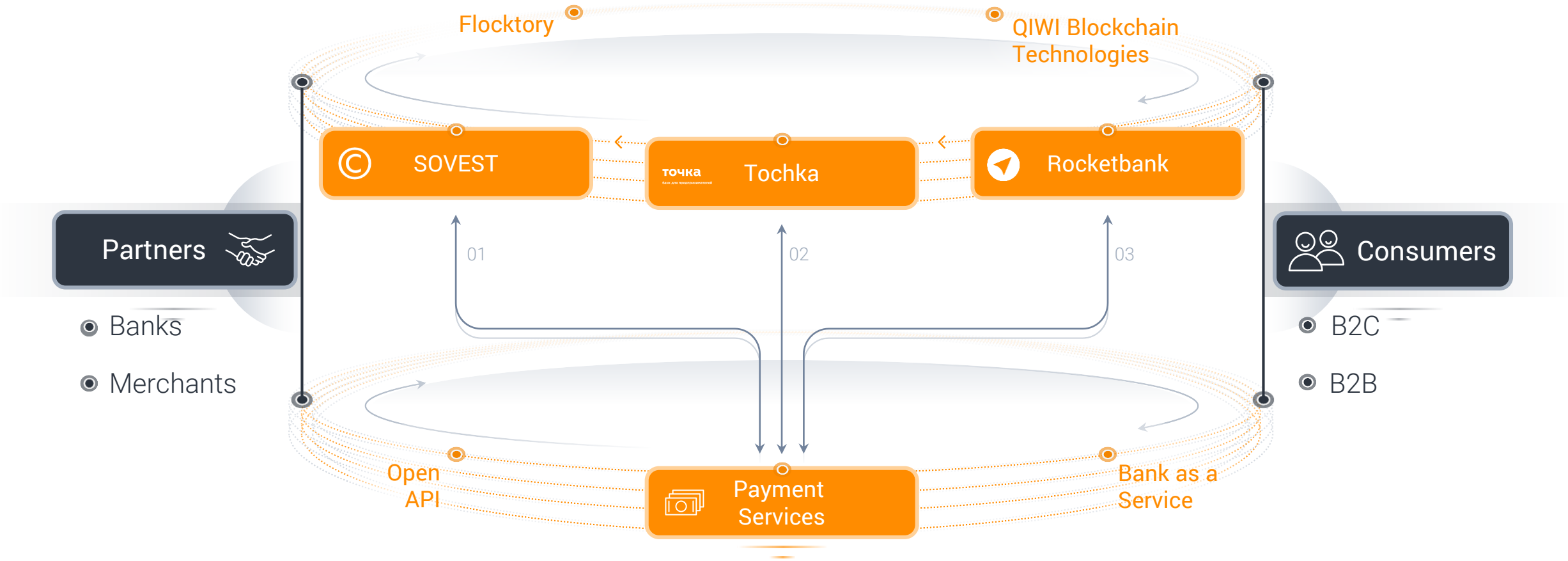
# STRATEGY


**Sergey Solonin**

CEO

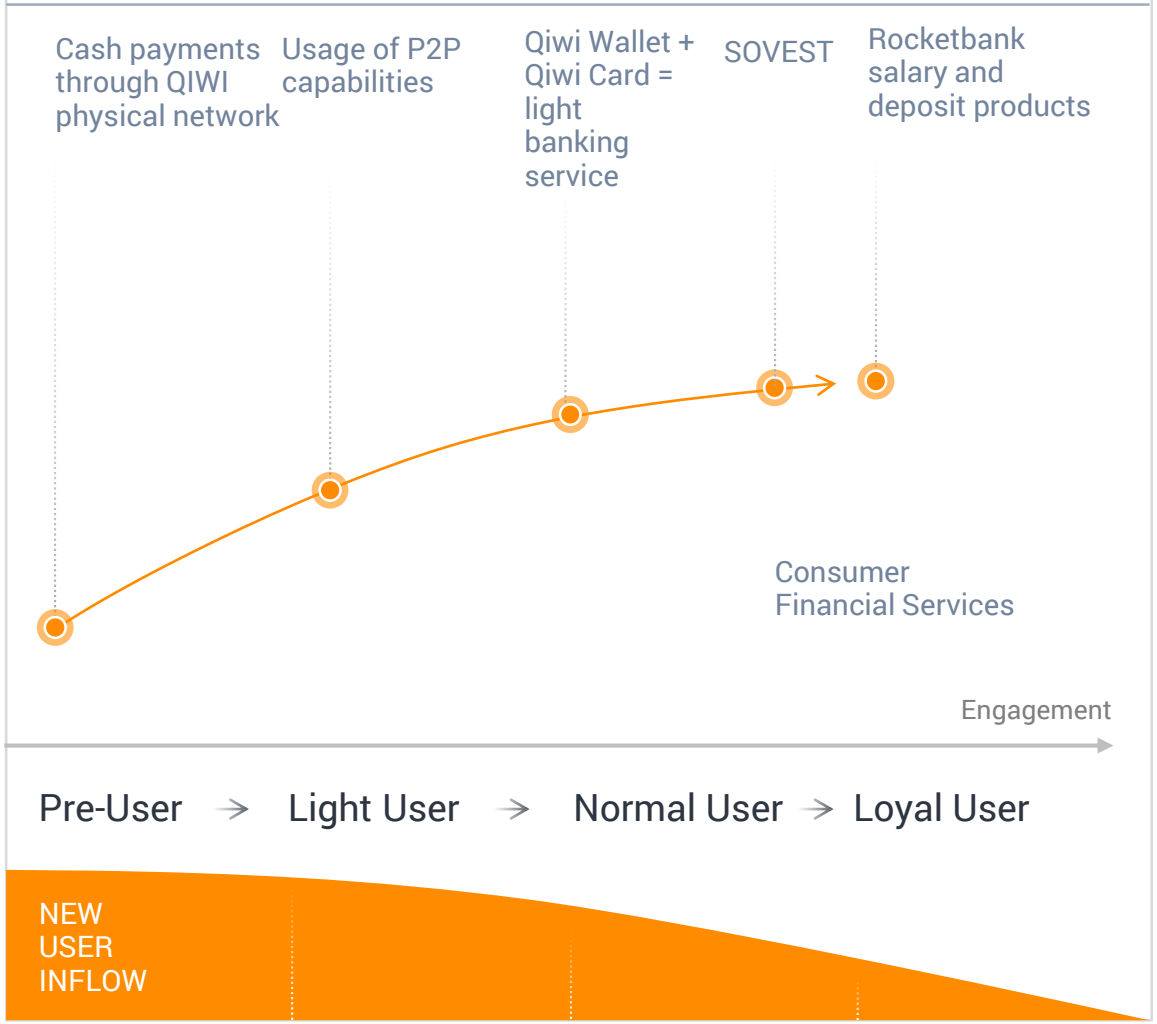
# REINFORCE QIWI ECOSYSTEM CREATING VALUE FOR PARTNERS AND USERS

We expand our suite of services to further amplify our ecosystem by engaging consumers and partners in more products and generating additional value

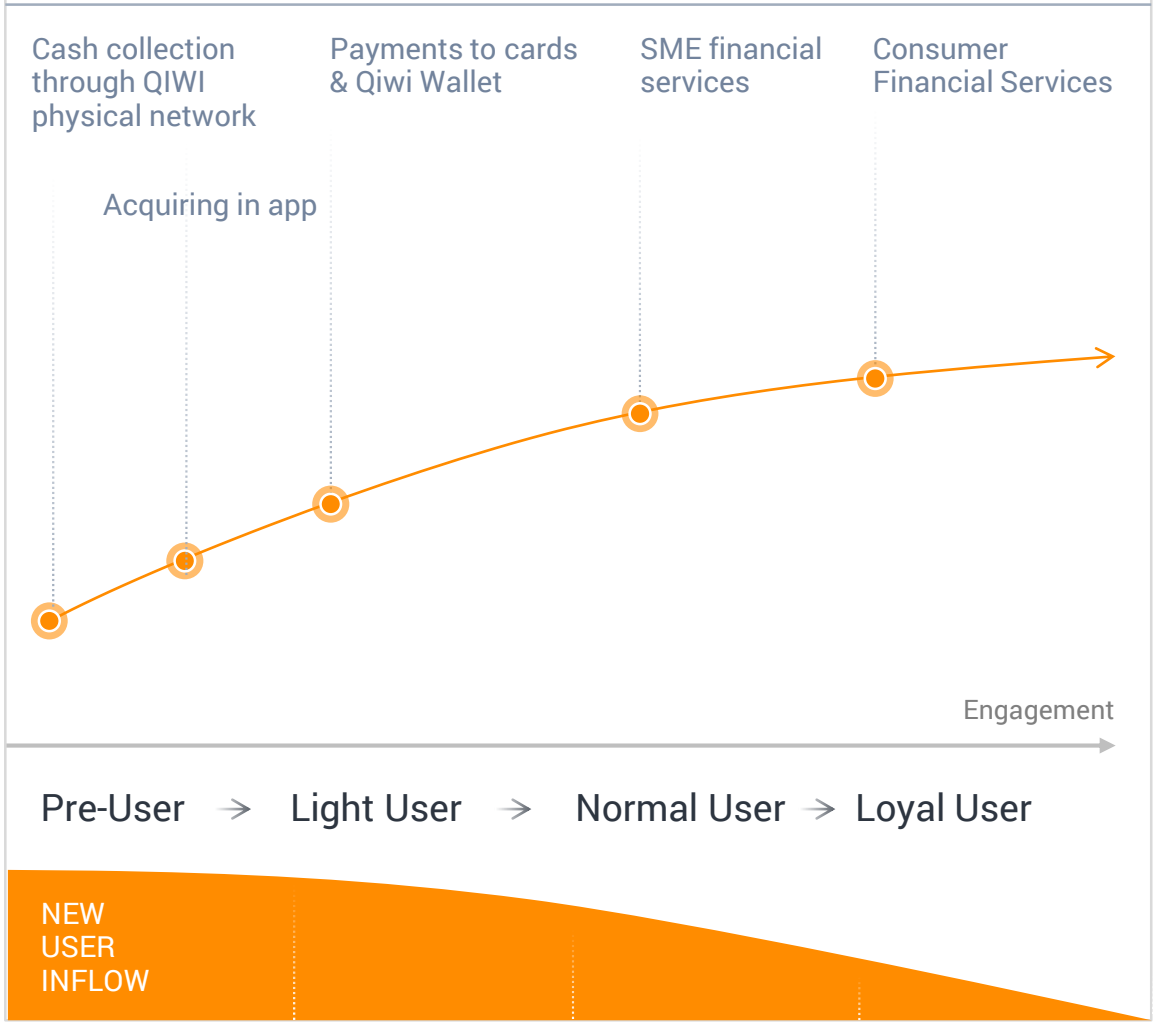


# OUR STRATEGIC FOCUS IS TO COVER FULL CUSTOMER LIFE CYCLE OF OUR CUSTOMERS

## Self-employed customer




## Merchant customer



# USE CASE 6: ECOSYSTEM

# QIWI IS WELL POSITIONED TO WIN IN A FAST CHANGING LANDSCAPE

QIWI

**Expansion** → **Reinforcement** → **Innovation**

01

- Expand the suite of services
- Build new partnerships
- Develop new niches and highly differentiated use cases

02

- Leverage existing relations and infrastructure
- Build up consumer life cycle and increase engagement
- Leverage and enrich P2P infrastructure

03

- Develop cutting edge data-drive solutions
- Roll out pioneering business models
- Become a technological provider

**GROWTH**

# INTERMISSION