

AXACTOR



Investor presentation
May, 2016

Agenda

1	Introduction
2	Market overview
3	Axactor operations and strategy
4	Appendix

Introduction

Market overview

Axactor operations and strategy

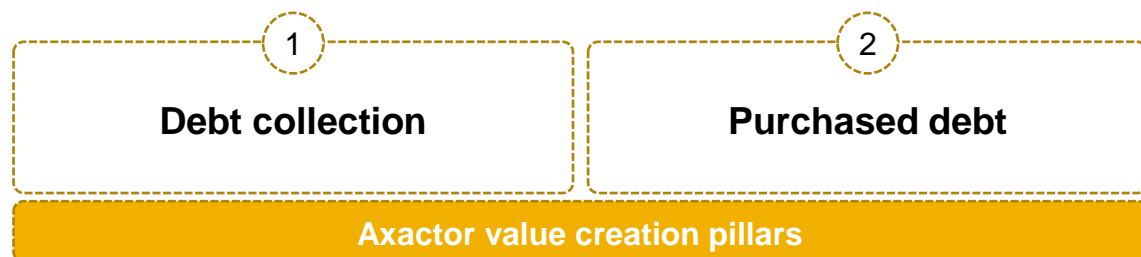
Appendix

Introduction

This is Axactor

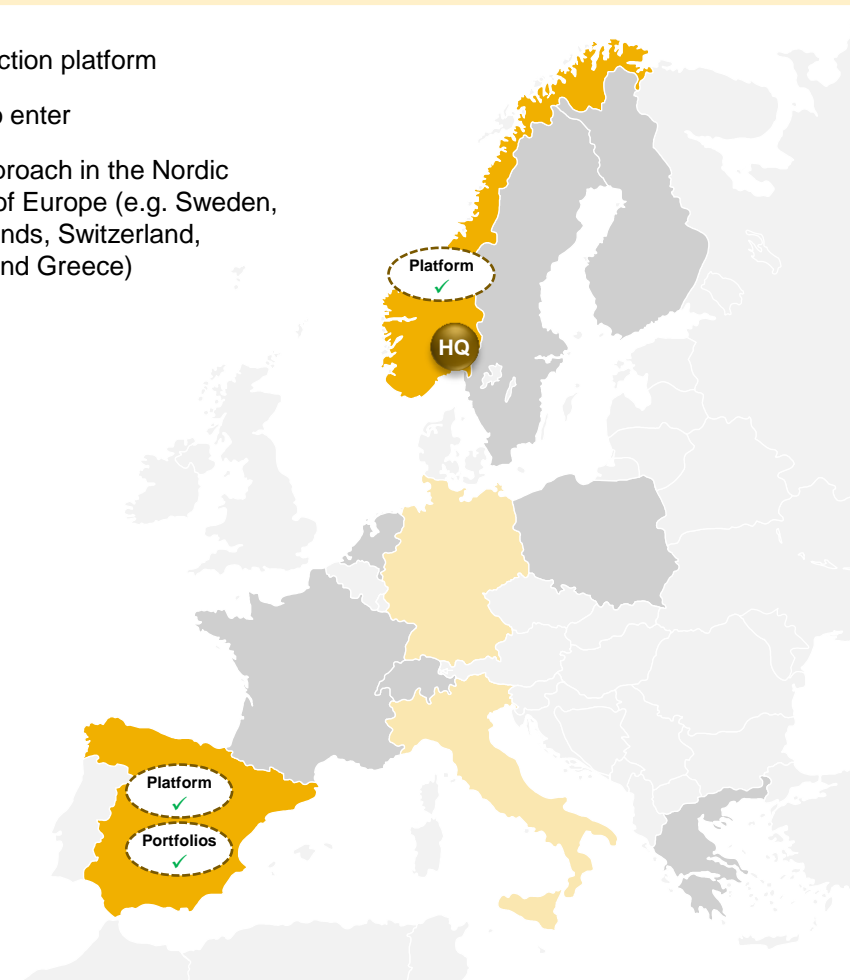
Axactor in brief

- Established in 2015 as an ambitious debt collection and debt purchase company¹⁾
- Main focus on collection and acquisition of non-performing loans (“NPL”) from financial institutions
- Led by a management team with strong track record from the purchased debt and debt collection industry
- En route to execute on clearly defined entry strategy and build an efficient and high-quality company without any legacy burdens
- Headquartered in Oslo, Norway
- ~550 employees in Norway and Spain²⁾
- Listed on the Oslo Stock exchange (ticker: AXA)



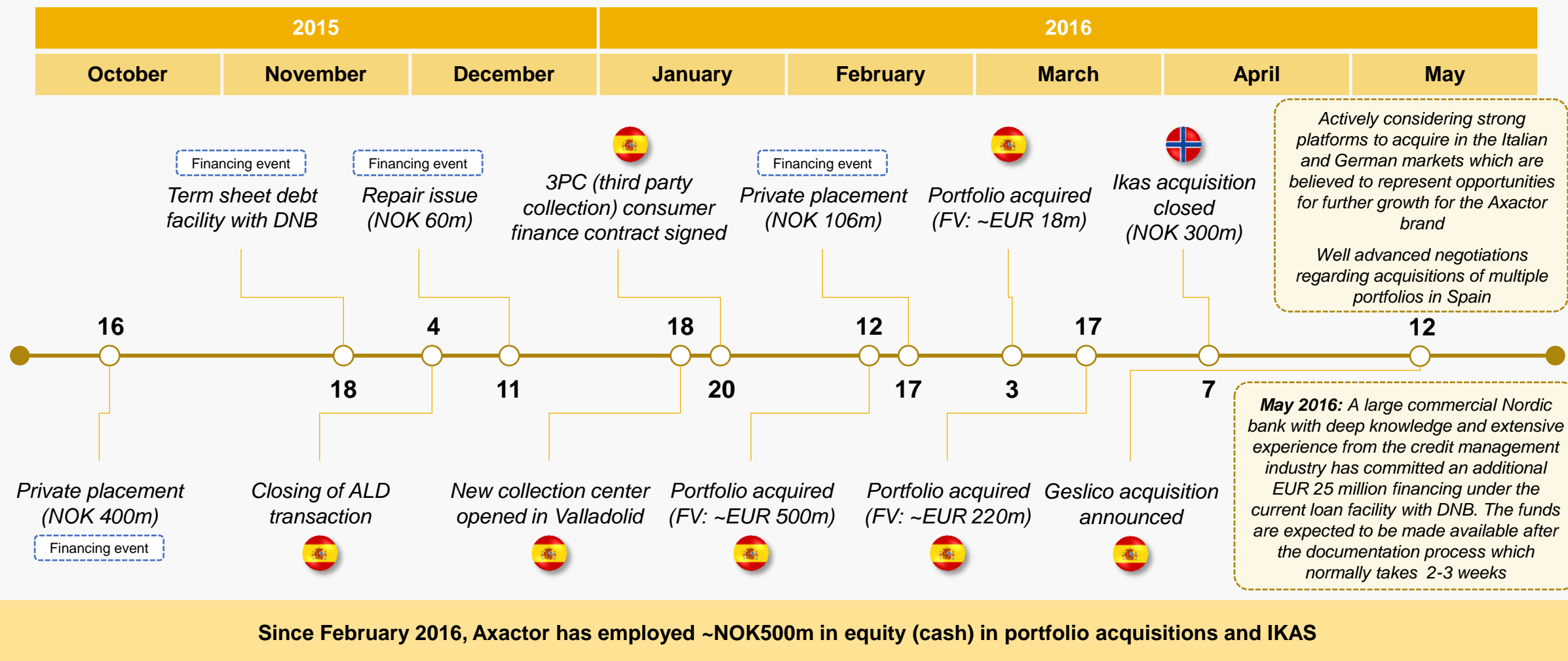
Pan-European growth strategy

- Established collection platform
- Strategic focus to enter
- Opportunistic approach in the Nordic region and Rest of Europe (e.g. Sweden, Finland, Netherlands, Switzerland, Poland, France and Greece)



Notes: 1) the legacy mineral activities related to Nickel Mountain Group AB were fully divested from January 2016 2) Full-time and part-time

Axactor milestones to date



Axactor financial targets

Target		To date	Medium-to-long term target
1	Axactor investments	Portfolio investment sizes of ~EUR 1-15 million	Portfolio investment sizes of ~EUR 1-25 million
	Co-investments	n.a.	Portfolio investment sizes of ~EUR 25-100 million
2	Portfolio MoC ("Multiple on Capital")	~2.5x	2.0x - 3.0x
3	Gross portfolio payback time	~3 years	~3-4 years
Medium-to-long term financial targets will vary significantly in based on geography and maturity of each market			

Axactor key investment attractions

1	Attractive fundamentals within NPL purchase market	<ul style="list-style-type: none"> • Large European NPL stocks on banks' balance sheets • Double-digit growth in NPL sales volume in Europe driven by regulatory changes (Basel III, etc.) • Strong growth trend in second-hand portfolio sales
2	Experienced management team with demonstrated track record	<ul style="list-style-type: none"> • Unparalleled industry track record, in particular within the target geographical regions • Long-lasting relationships with Financial Institutions across Europe • Unique debt portfolio pricing and collection competencies
3	Established as a leading player in Spain through high-quality platforms	<ul style="list-style-type: none"> • Attractive customer base – unique competence within legal and amicable collection and recovery processes • Access to large amount of collection data a clear advantage for portfolio pricing • Execution capabilities proven through three portfolio purchases during the first quarter of 2016
4	Entry in the Norwegian “growth” market with the “best platform” available	<ul style="list-style-type: none"> • Attractive opportunities identified in Norway as a result of significant growth in debt collection cases and pipeline of NPL portfolios for sale • Business with strong cash generation stand-alone → further growth through inclusion in Axactor's strategy
5	Clearly defined roadmap for growth proven through execution to date	<ul style="list-style-type: none"> • Italy and Germany defined as two attractive geographies where the Company can leverage its capabilities and relationships to access attractive growth opportunities • Strategic entries will follow Axactor's roadmap to ensure high quality and operational excellence
6	Solid and flexible financing structure	<ul style="list-style-type: none"> • Total debt financing of EUR 50m with two Nordic high-quality institutions (whereof a new EUR 25m facility recently committed by a large Nordic commercial bank), with a remaining EUR 50m accordion on same documentation set • Will gradually go from 35% gearing up to target 75%¹⁾ as the company diversifies • Listed on Oslo Stock Exchange with large shareholder base

Notes: 1) Loan agreement gives a maximum gearing of 65%; Long-term target 75% supported by industry standards

Introduction

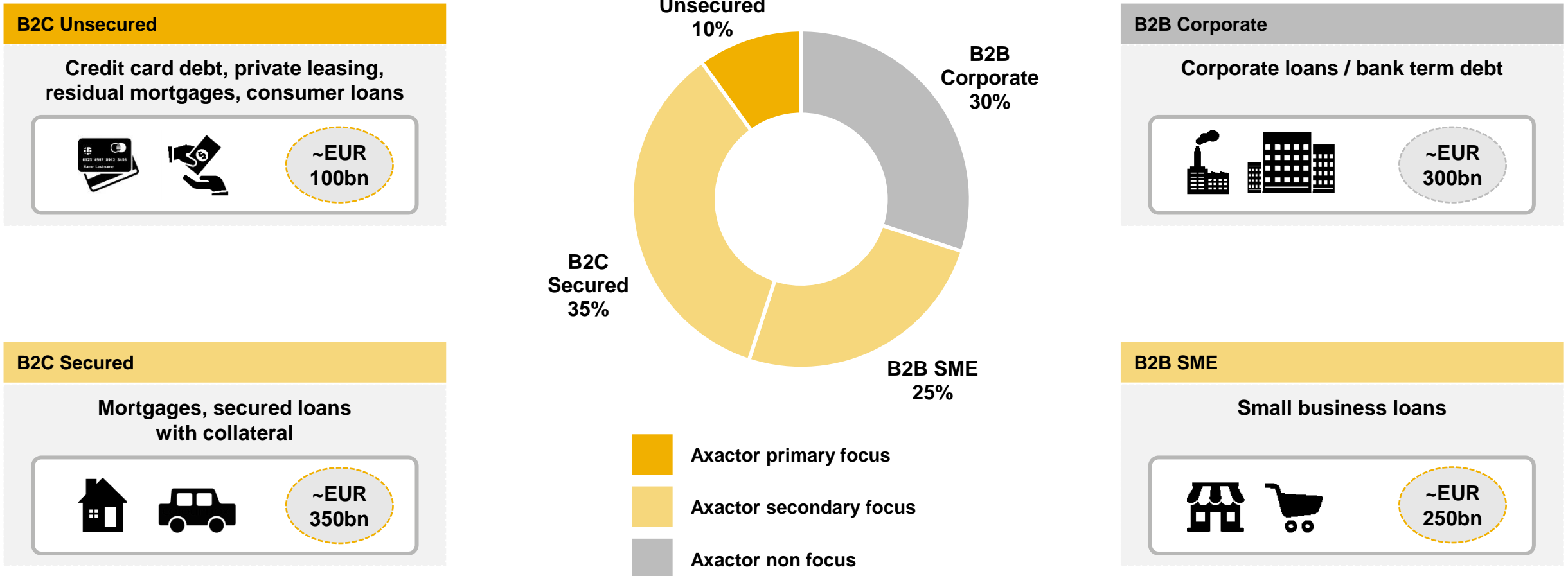
Market overview

Axactor operations and strategy

Appendix

Market overview

> € 1trillion Non-Performing Loan (NPL) FI market in Europe

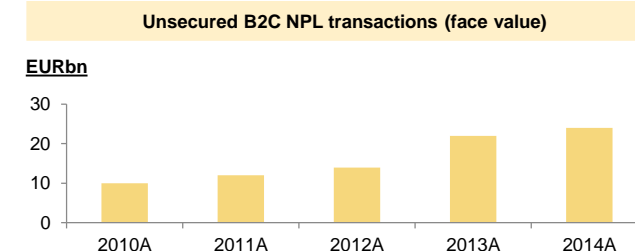


Key trends in the debt purchase/debt collection industry

1

Strong growth of NPL portfolios coming to market

- Strong growth in second-hand portfolio transactions
- Regulatory changes driving debt sales
- Strengthened FI balance sheets enable portfolio sales
- Approaching “price equilibrium” between sellers and buyers



2

Outsourcing trend (carve-outs of collection units)

- Several major carve-outs from European banks
- FI regards debt collection as non-core operations
- Debt collection agencies achieve higher solution rates



3

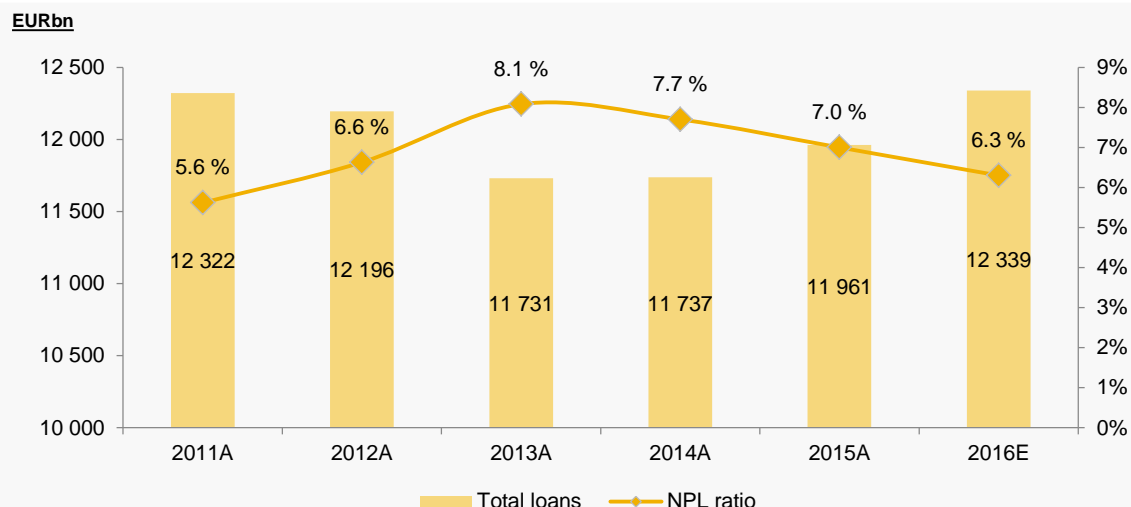
Industry consolidation

- Market maturity and professionalization
- Technology enables increased scale advantages
- Capital constraints – access to capital key success criteria
- Influx of private equity players / IPO activity



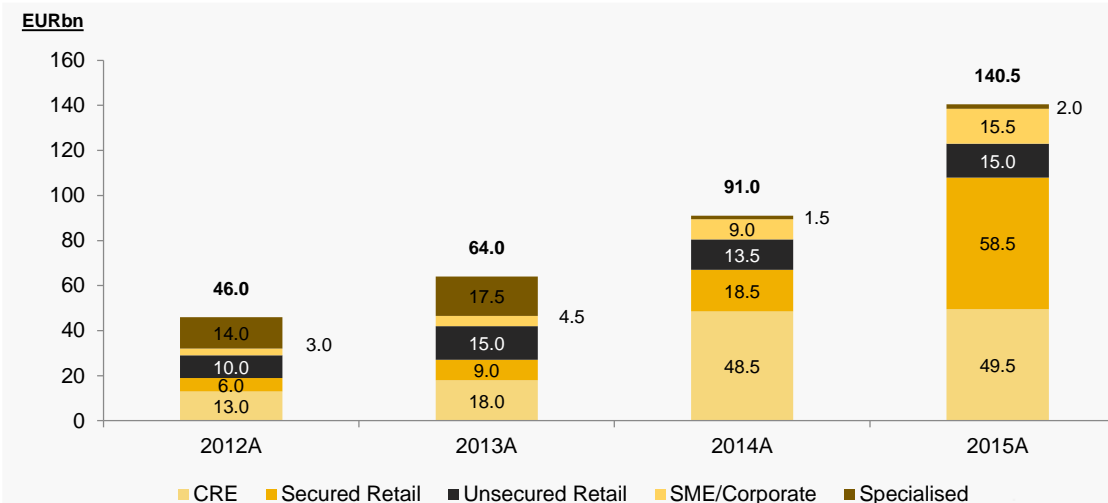
European NPL market overview

Total loans and NPL ratio of Eurozone banking market



- The NPL market has counter-cyclical qualities:
 - When the economy grows, outstanding loans increase
 - When the economy shrinks, the NPL ratio increases
- The banks' NPL balance has been stable around EUR 1.0 trillion since 2012 (Not including secondary market)

Portfolio transactions in the Eurozone market



- The market for portfolio transactions has grown considerably in recent years, with the trend continuing strong going forward
- United Kingdom, Ireland, Spain, Germany and Italy make up majority of the volume

Introduction

Market overview

Axactor operations and strategy

Appendix

Axactor operations and strategy

Axactor entry strategy

1 **Acquire high-quality debt collection company in each priority market**


2 **Grow through NPL portfolio acquisitions**


3 **Carve-out of collection platforms from financial institutions**

4 **Develop the 3PC business through Axactor customer relationships**

5 **Ensure operational excellence and benefit from scale advantages**

6 **Focus on the financial segment, but opportunistically investigate other segments**

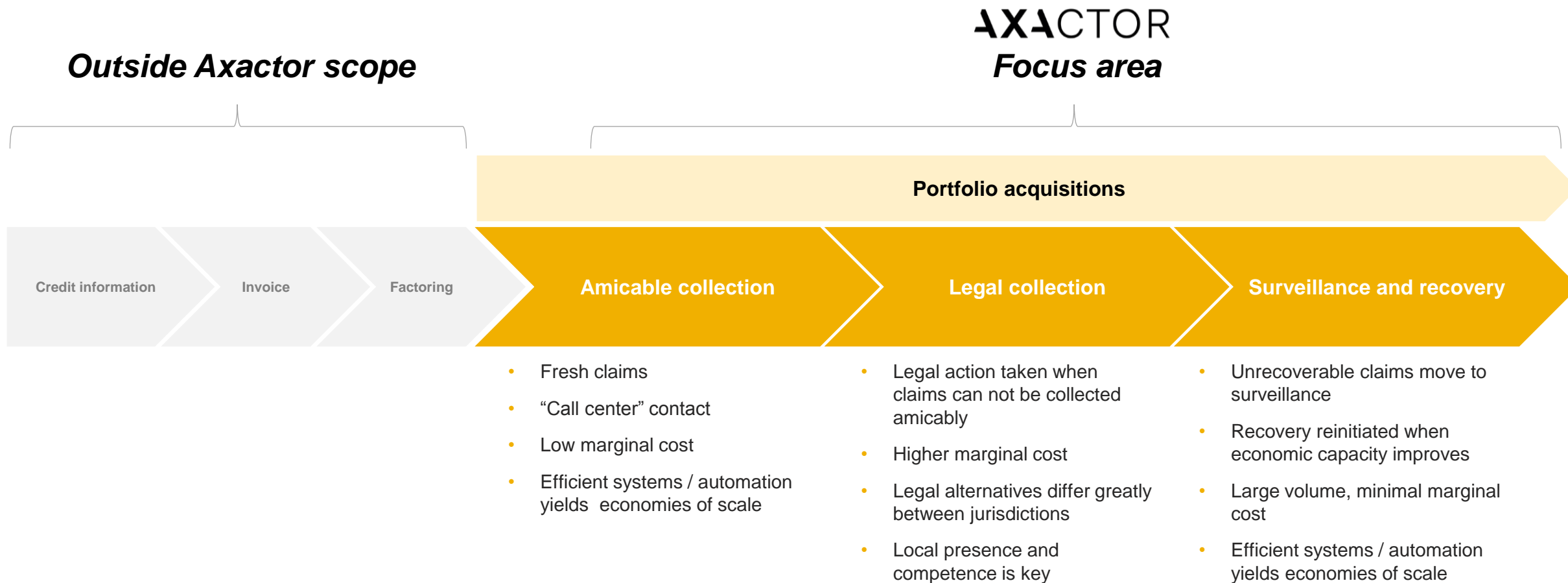
 Established collection platform

 Strategic focus to enter

 Opportunistic approach in the Nordic region and Rest of Europe (e.g. Sweden, Finland, Netherlands, Switzerland, Poland, France and Greece)

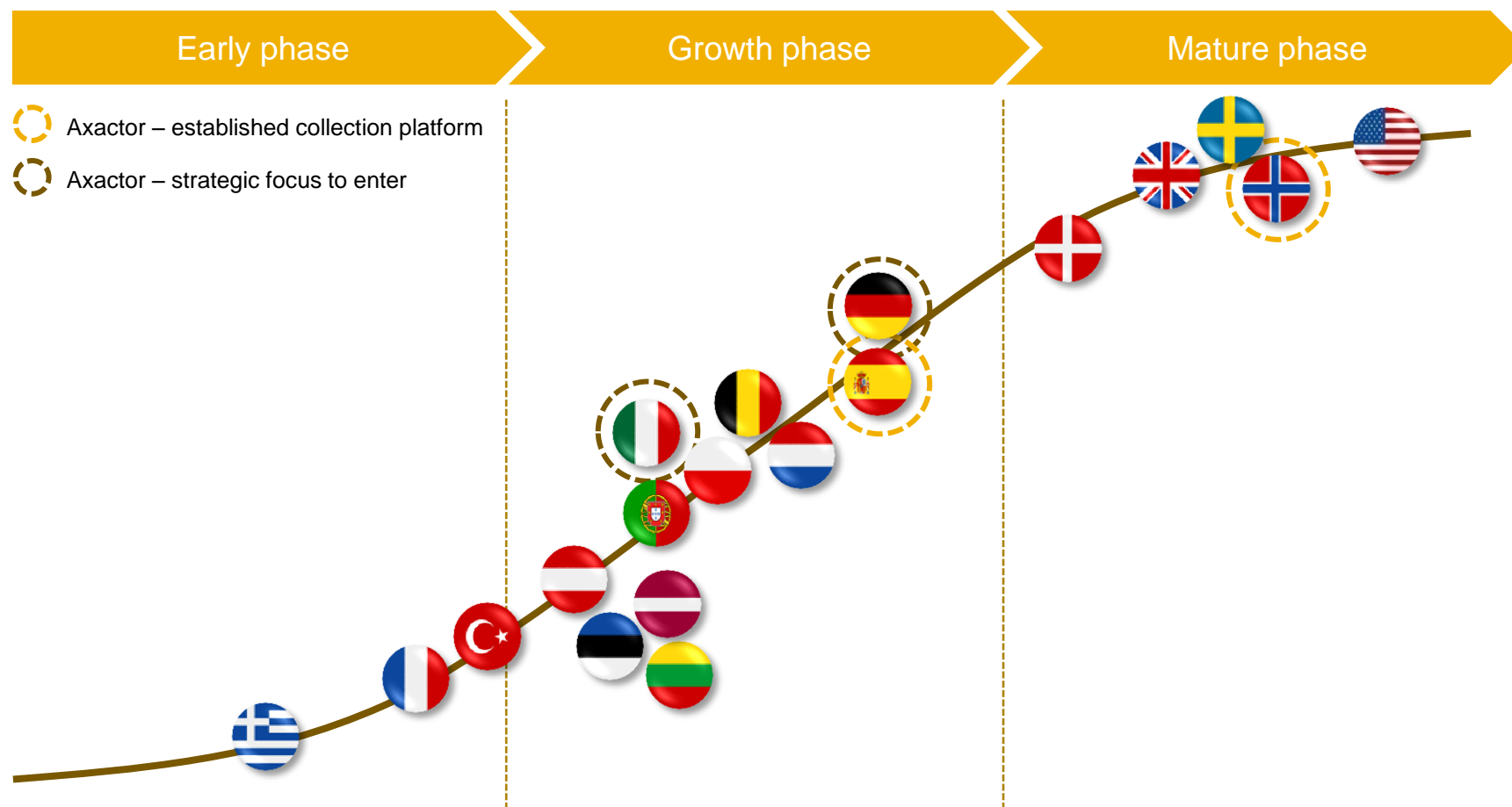


Axactor will cover all major parts of the value chain



Axactor focus on established markets with strong growth

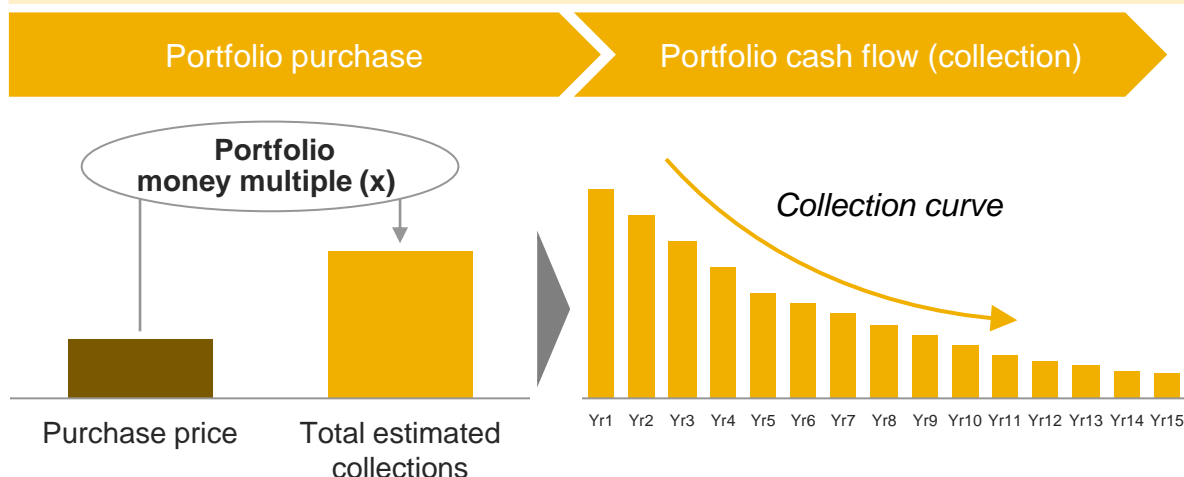
The development curve of debt collection/debt purchase markets



- Axactor's initial focus is Spain, Germany and Italy
 - Developed markets with strong growth
 - Strong relationships with financial institutions
 - Access to high-quality platforms
- Opportunistic approach towards Nordic markets, exemplified by Axactor's entry in Norway, and Rest of Europe

Axactor value drivers: debt purchase and debt collection

Debt purchase



- Portfolios acquired with a target collection amount
- FI portfolios typically generate stable and long-term cash flows
- FI portfolios normally have low decay rates, and are hence long-tailed
- Cash flow visibility allows the best players to impact return and optimize value through pricing and pre-determined targets
- Axactor's management has a track record of strong pricing discipline and extending portfolio cash flows beyond the initial forecast period resulting in above estimated returns

3rd party debt collection

- Strong value proposition in Europe → many customers require cross-border 3rd party collection
 - Axactor has strong execution capabilities and provides reliability to its counterparts
- 3rd party collection often translates into portfolio acquisitions through due to existing track-record and relationships
 - Collection insight offers pricing advantage
- The 3rd party collection business generates attractive margins in an efficient setup benefiting from scale advantages
 - Stable and diversified businesses serving multiple customers
 - Good cash flow supporting portfolio acquisitions
 - Axactor has through its new setup a highly competitive cost structure with streamlined group functions and no legacy business
- 3rd party collection is a valuation driver



Shorter time to market for successful acquisitions of portfolios in the respective market

Leading legal and amicable collection platform in Spain

Key highlights

- Axactor's Spanish platform is built up of:
 - I. The acquisition of ALD Abogados (Madrid) – a leading Spanish legal debt collection agency established in 2010
 - II. Build-up of amicable call center in Valladolid – efficient platform tailored to Axactor's needs
 - III. The acquisition of Geslico (May 2016) – a leader in the integral management of recovery processes
- Management with long industry experience
- Strong customer base, with compliance, authorizations, technology and IT platform in place
- Provides valuable access to collection data for deal sourcing and pricing
- Several new 3PC deals signed lately, including announced strategic contract with Santander Consumer Finance in Spain
- Will start to serve on the three debt portfolios recently acquired in Spain
- ALD Abogados had revenue of EUR 10.0m and EBITDA of 3.7m in 2015

Spanish locations



Position in Spain further strengthen through the Geslico acquisition

Key highlights

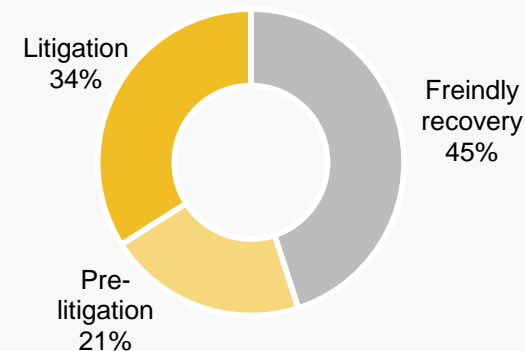
- Incorporated in 1985, Geslico is one of the main players in the Spanish debt collection sector
- Geslico offers a fully integrated debt collection service for both secured and unsecured non-performing loans
- A leader in the integral management of recovery processes, covering the recovery chain from friendly, pre-litigation to judicial collection
- 8 offices spread across Spain, with ~300 employees in total including*:
 - ~40 litigation agents
 - ~180 collectors agents
 - ~50 judicial preparation agents
- 2015 revenue of EUR 13.6m and 2015 adjusted EBITDA of EUR 0.9m
 - In 2015, Geslico had one off costs related to the restructuring process. Actual 2016 EBITDA was EUR -4.6million

Key rationale

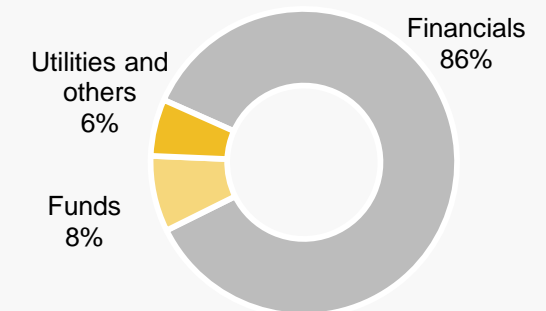
- Solid standalone business case – additional potential to be unlocked as part of Axactor
- Streamlined platform after organizational restructuring rigged to benefit from operational leverage by adding additional business
- Geslico's client portfolio includes the majority of Spanish financial institutions, utility companies and debt funds, hence expanding Axactor's client base with attractive customers and strengthening the company's market access

Key information for top 10 customers

2015 revenue by service line:



By client type:



*remaining employees providing administrative support

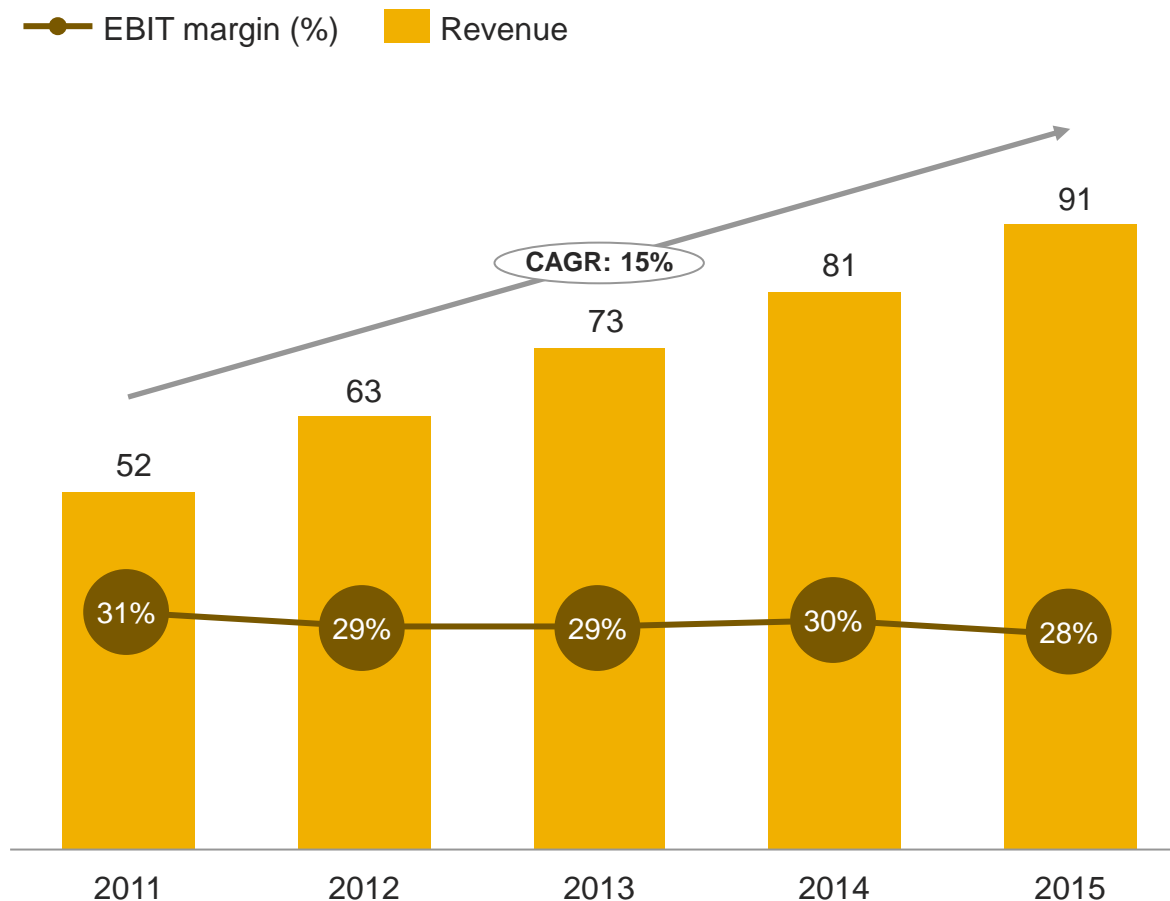
Acquisition of Norwegian collection platform




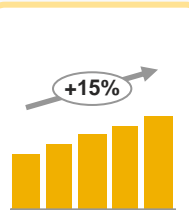


Ikas in brief

- Established in 1988
- Purchase price NOK 291m
 - 70% of the purchase price settled in cash
 - Part of the cash settlement is financed with NOK 135m from the DNB facility at 400 bps + NIBOR
- One of Norway's most reputable suppliers of invoice administration and debt collection
- Delivers market leading and modern payment solutions for selected small to medium sized businesses across all sectors through two business segments:
 - I. IKAS Collection
 - II. IKAS Payments
- Headquartered in Hokksund
- 80 employees located throughout Norway in 5 offices:
 - Hamar
 - Harstad
 - Hokksund
 - Molde
 - Stavanger
- Total revenues in 2015 of ~NOK 91m and EBIT of ~NOK 26m

Ikas revenue and EBIT margin 2011 – 2015 (NOKm)



Strategic rationale for the Ikas acquisition

	Norwegian market growth	<ul style="list-style-type: none">• Significant increase in collection volume• Increase in number of non-performing loan portfolios available for sale• Ikas positions Axactor to reap the benefits from exciting Norwegian market opportunities
	Strong business case standalone	<ul style="list-style-type: none">• Significant and increasing cash generation from day one• IKAS has operational improvement potential that Axactor can realise with limited investments (e.g. IT systems, collection strategy)
	Entering a new geography with the “best platform” available	<ul style="list-style-type: none">• IKAS considered to be the “best platform” available in the Norwegian market• One of Norway’s fastest growing companies in the Norwegian debt collection industry• Entering the Norwegian market a way of diversifying Axactor’s operations geographically
	Increased ability to secure financing	<ul style="list-style-type: none">• Nordic presence increases Axactor’s ability to secure attractive financing with Nordic banks

Introduction

Market overview

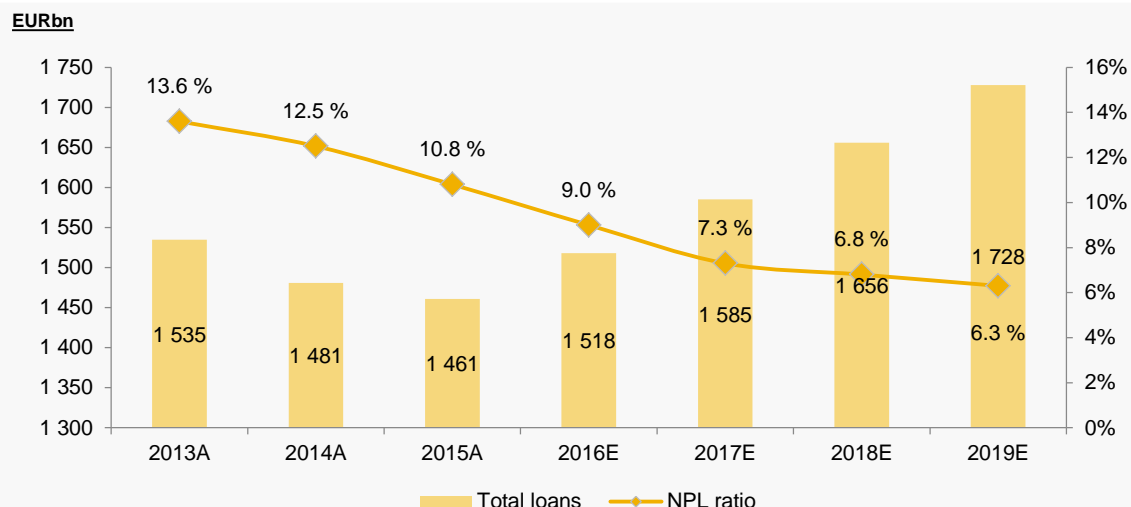
Axactor operations and strategy

Appendix

Appendix

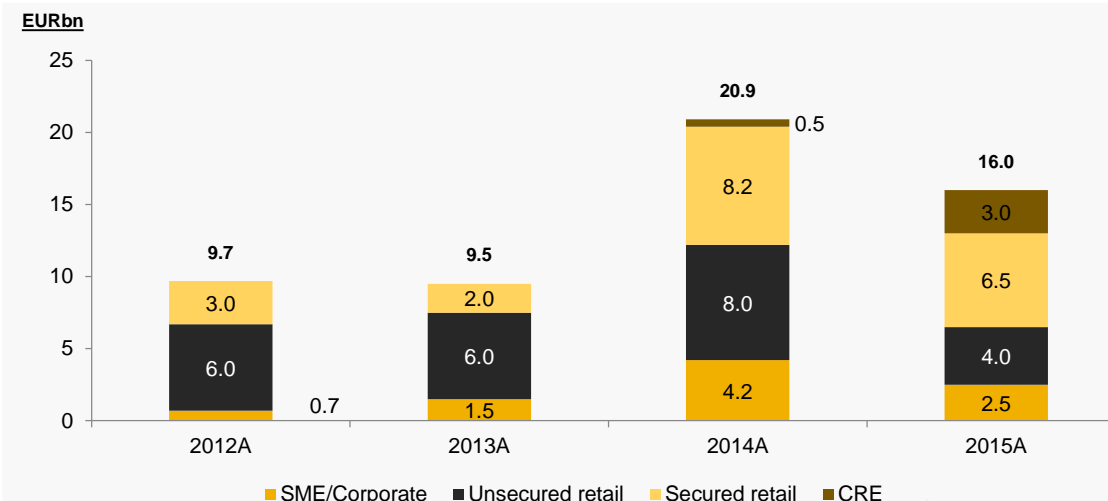
Spanish NPL market overview

Total loans and NPL ratio of the Spanish banking market



- NPL ratio trending down from 2013 peak
 - Demonstrates strong environment for collecting on NPLs
- The Spanish credit market is returning to growth

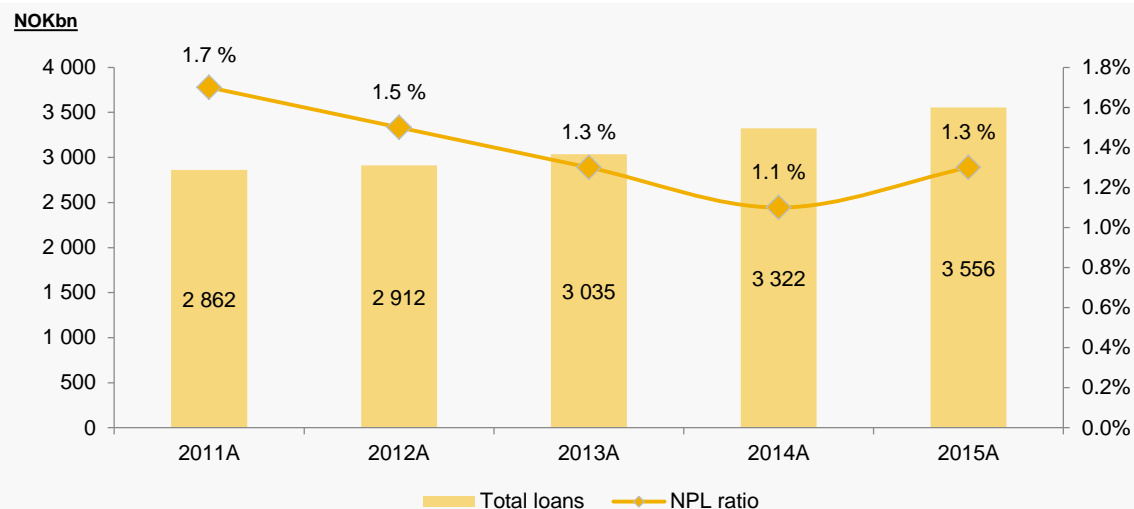
Portfolio transactions in the Spanish market



- The Spanish debt portfolio transaction market is large and growing
- Major commercial banks leading the trend – smaller commercial banks and savings banks (cajas) now following
 - Lower competition for the small-medium portfolios
- Unsecured B2C making up 40-60% of the transaction volume (Axactor primary focus)

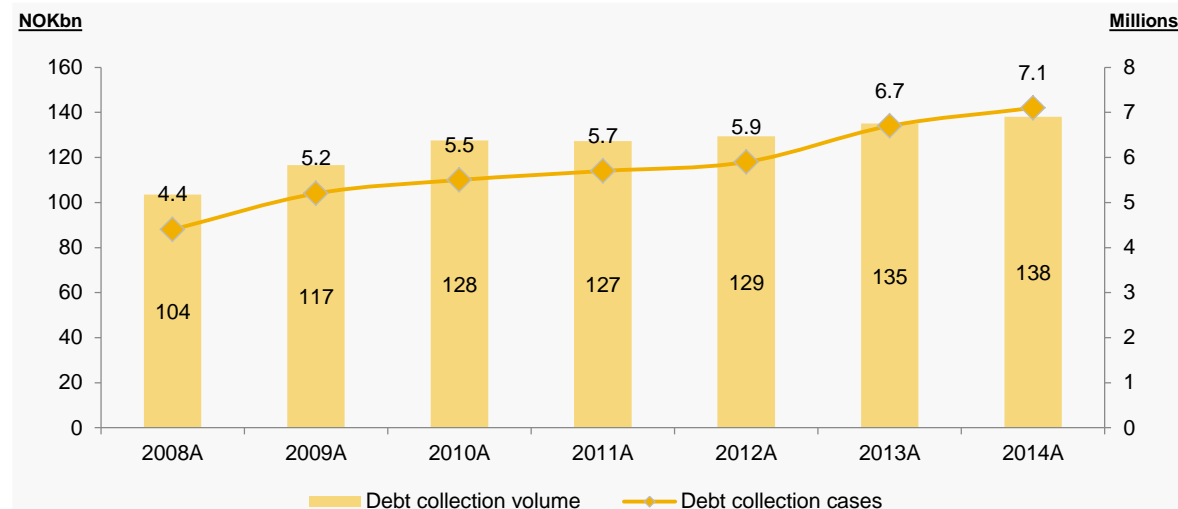
Norwegian NPL market overview

Total loans and NPL ratio of the Norwegian banking market



- NPL ratio significantly lower compared to other European countries
- Fragmented banking sector with a total of 124, including 13 branches
 - DNB has close to a 30% market share in both the household and corporate market
- The recent oil price plunge is affecting the Norwegian economy. However, a relatively small portion of Norwegian banks' total lending is exposed to oil-related industries

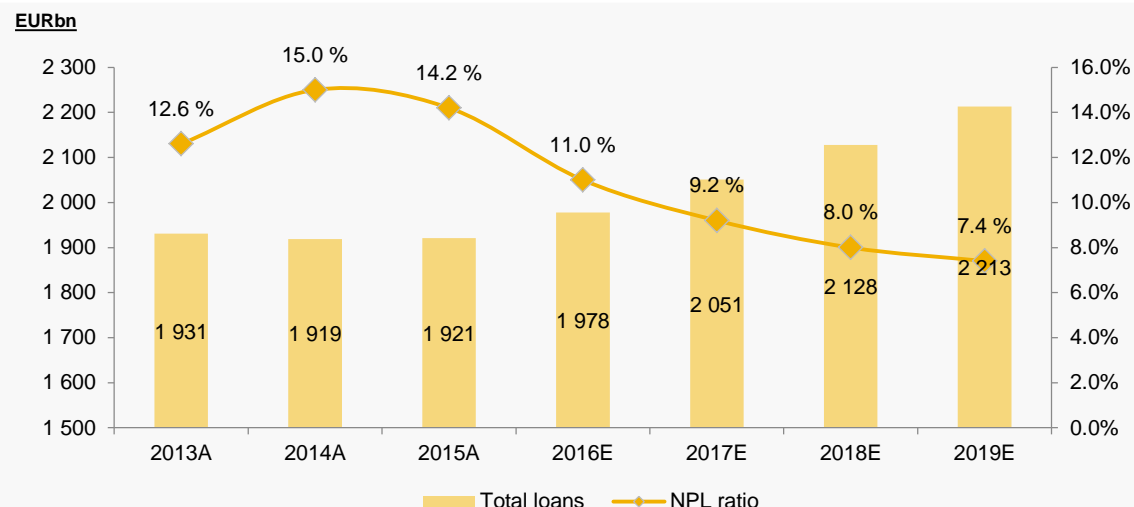
Debt collection volume and debt collection cases in Norway



- The Norwegian market has historically seen few NPL portfolio transactions
 - In 2015, Lindorff acquired three NPL portfolios from DNB. The largest had a face value of EUR 263m, making it one of the largest NPL acquisitions in Norway
- Securitization is uncommon in Norway and the few NPL transactions that have occurred have mainly been consumer credit portfolios

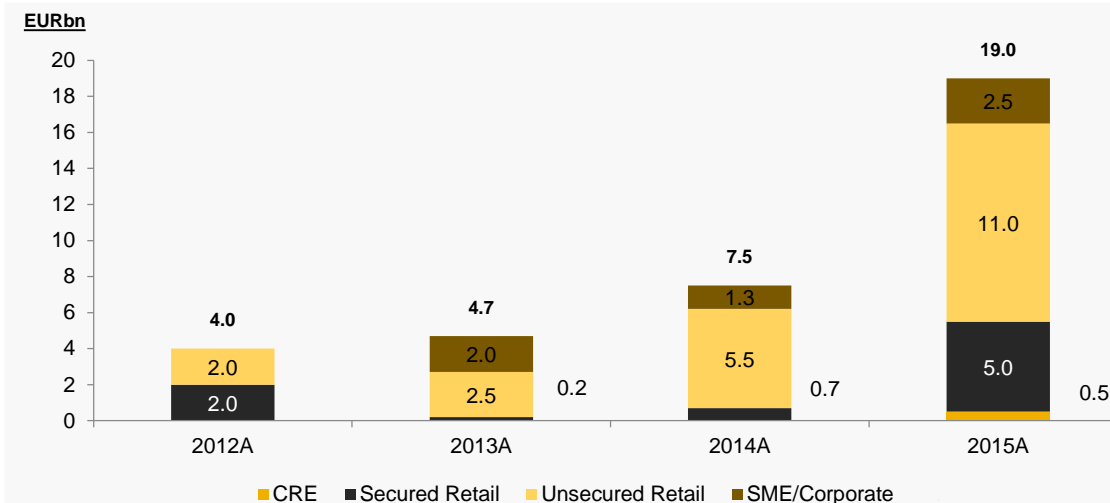
Italian NPL market overview

Total loans and NPL ratio of the Italian banking market



- The overall asset quality of Italian banks is still suffering following several years of economic crisis
- The Italian government is debating a set of bank reforms to help cleanse the sector of its burden of bad debts
 - It is expected that the reforms could promote consolidation in the banking sector, and support profitability as well as the ongoing de-leveraging

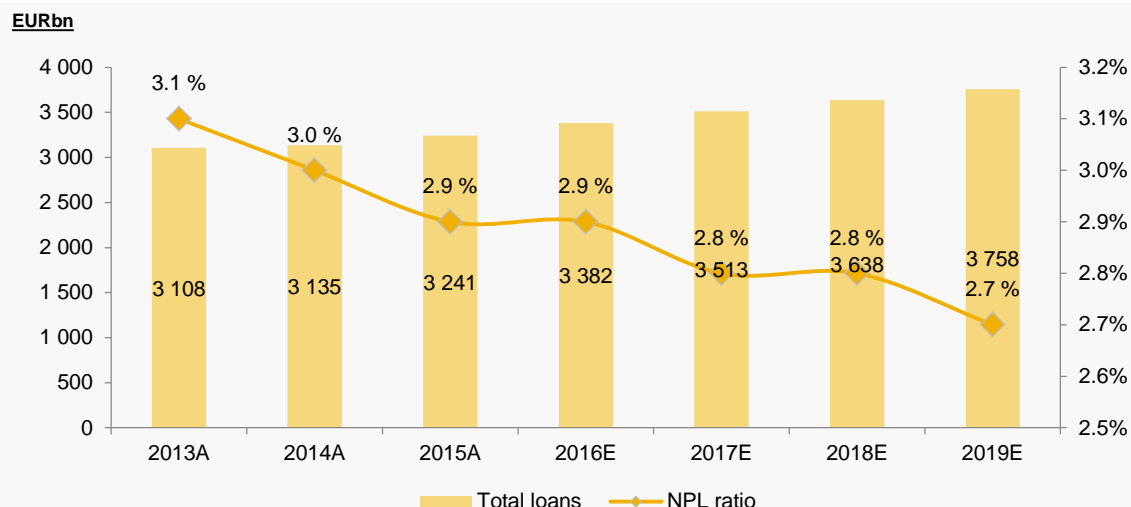
Portfolio transactions in the Italian market



- The Italian unsecured debt market (with a specific focus on consumer NPL portfolios) has been quite active, whereas the market for corporate NPLs has been struggling to take off
- Increasing number of transactions, but smaller in size compared to other European countries

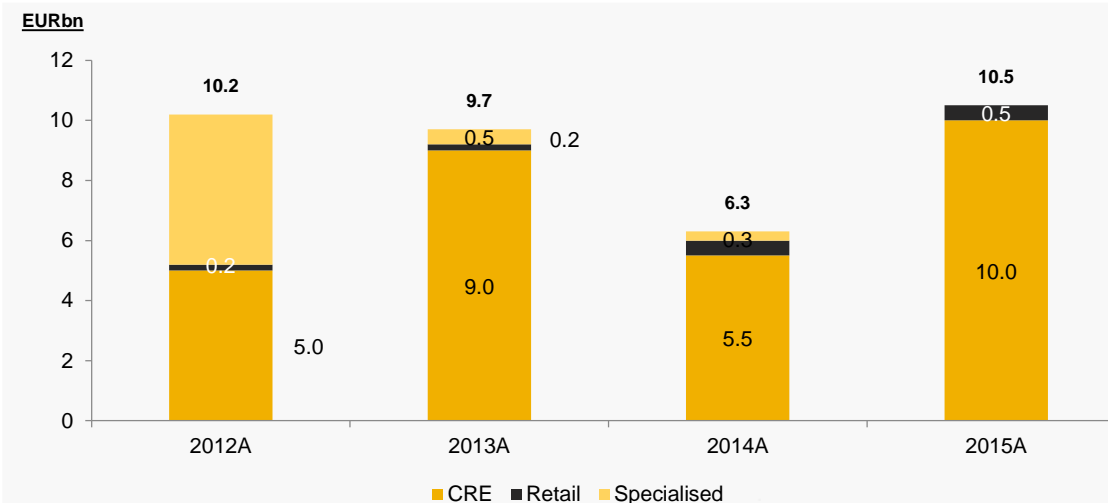
German NPL market overview

Total loans and NPL ratio of the German banking market



- Low NPL ratio trending further downward
- The German banking sector is one of the strongest in Europe and has a better lending quality and lower NPL ratio than elsewhere in the Eurozone, but is also very fragmented due to the three pillars model
- External factors, such as regulatory pressure or a sharp rise in funding costs will further trigger banks to dispose non-core assets (especially NPLs)

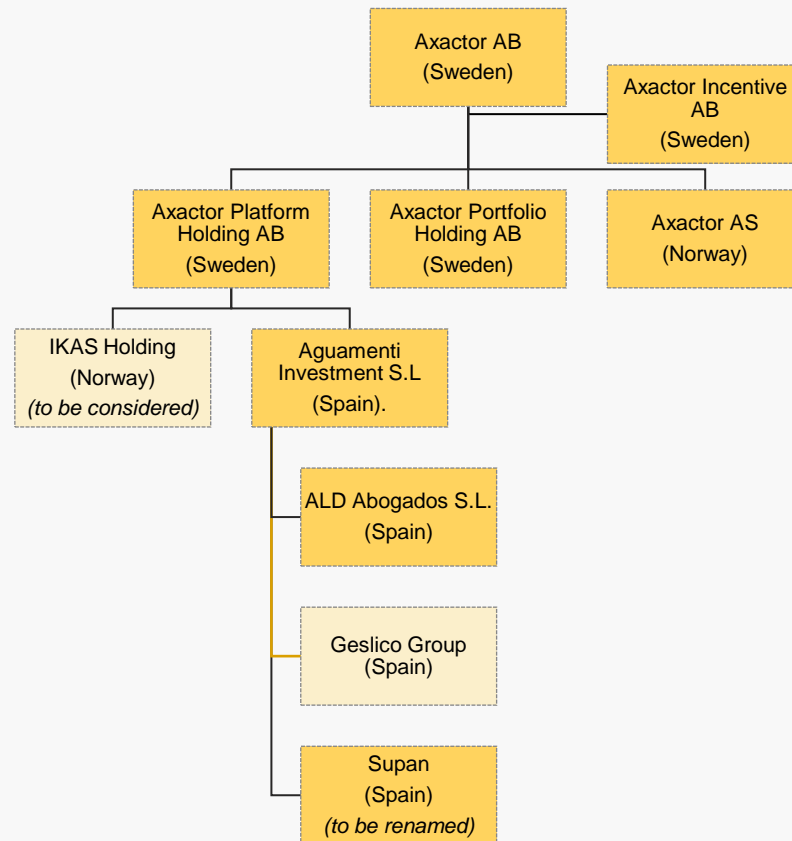
Portfolio transactions in the German market



- The unsecured consumer NPL market is characterized by smaller and continued transactions rather than occasional large transactions
- Recent successful transactions have shown that the gap between sellers' price expectations and investors' bid prices has narrowed, with the market revealing strategic prices being paid
- Preference for debt which hasn't been placed with a debt collector prior to sale

Axactor company structure

Legal organization



Description of companies

Company	Description
Axactor AB	Incorporated in Sweden. Listed on the Oslo Stock Exchange. No employees.
Axactor AS	Incorporated in Norway. All staff in Norway is employed in this entity. Will function as a cost center and will charge corporate cost out to the operating entities.
Axactor Portfolio Holding AB	Incorporated in Sweden. All debt portfolios are owned by this entity. Has SLAs established with legal entities owned by Platform Holding for servicing the debt portfolios. No employees.
Axactor Platform Holding AB	Incorporated in Sweden. Holding company for all platform companies in all countries. No employees. Will provide equity and debt to the platform companies.
Axactor Incentives AB	Incorporated in Sweden. No employees. Established in order to be the owner of employee stock options as per Swedish law. No other activities. No employees.
IKAS Holding (considered to be established)	A holding company will be established in Norway for the purpose of owning all shares in all the 6 IKAS entities which were acquired on March 16th 2016. The acquired companies are IKAS Norge AS, IKAS AS, IKAS Øst AS, IKAS Nord AS, IKAS Nordvest AS, IKAS Vest AS,
Aguamenti Investment S.L.	Holding company for Spanish platform companies. No employees.
ALD Abogados S.L.	Platform company acquired in December 2015. Will service the debt portfolios acquired in Spain. Has SLA with Portfolio Holding. Operates call centers and collection activity in Spain. Will have employees.
Supan (to be renamed)	Established in February 2016. The entity will be focusing on tax collection on behalf of municipalities in Spain. Will have employees
Geslico Group (Spain)	Geslico Group company to included in the Axactor Group

Note that Ikas Holding is under consideration of being established as the holding company of the acquired Ikas entities

Income Statement

Income statement (reported)			Preliminary proforma Q1 2016 (not reported) including IKAS from 1 January 2016		
SEK thousand	Jan-Mar 2016	Full year 2015			
Gross revenue	29 404	4 437	• Gross revenues:	SEK	53m
Amortization of debt portfolios	-1 492	-	• EBITDA:	SEK	-2m
Net revenue	27 912	4 437	• Cash:	SEK	208m
Other external expenses	-18 152	-29 940	• Debt:	SEK	4m
Personnel expenses	-20 258	-5 089			
Operating result before depreciation and amortization (EBITDA)	-10 498	-30 592			
Depreciation and amortization, excluding portfolio amortization	-2 464	-837			
Operating result after depreciation and amortization	-12 962	-31 429			
Financial revenue	4 253	329			
Financial expenses	-6 960	-30 218			
Total financial items	-2 707	-29 889			
Result before tax	-15 669	-61 318			
Income tax	773	-			
Result for the period from continued operations	-14 896	-61 318			
Result for the period attributable to:					
Equity holders of the Parent Company	-14 896	-166 606			
Result for the period	-14 896	-166 606			

Balance sheet

Assets			Liabilities and equity		
SEK thousand	31.03.2016	31.12.2015	SEK thousand	31.03.2016	31.12.2015
ASSETS			EQUITY		
Fixed Assets			<i>Equity attributable to equity holders of the parent company</i>		
<i>Intangible fixed assets</i>			Share capital	328 107	298 307
Customer relationships	36 006	37 125	Other paid-in capital	1 541 773	1 468 788
Database	7 276	7 530	Reserves	-1 917	-96
Other intangible assets	436	448	Retained earnings and profit for the period	-1 304 902	-1 290 007
Goodwill	124 467	124 467	Total equity	563 060	476 992
<i>Tangible fixed assets</i>			<i>Long-term liabilities</i>		
Plant and machinery	1 669	549	Convertible loan	-	5 000
<i>Long-term financial fixed assets</i>			Deferred tax liabilities	10 820	11 357
Purchased debt	250 722	-	Other long-term liabilities	2 912	500
Other long-term receivables	-	-	Total long-term liabilities	13 732	16 857
Other long-term investments	667	267	<i>Current liabilities</i>		
Total fixed assets	421 243	170 386	Accounts payable	13 559	12 420
Current Assets			Tax liabilities	-	9 963
Other receivables	63 579	58 284	Short-term liabilities	65 597	64 088
Prepaid expenses	6 462	3 760	Accrued expenses and prepaid income	21 129	24 485
Cash and cash equivalents	185 793	372 375	Total current liabilities	100 285	110 956
Total current assets	255 834	434 419	TOTAL EQUITY AND LIABILITIES	677 077	604 805
TOTAL ASSETS	677 077	604 805			

A low-angle, upward-looking perspective of a concrete bridge or overpass. The bridge's edge and railing run diagonally from the bottom left towards the top left of the frame. The sky is a pale, clear blue with some very light, wispy clouds near the horizon. The text 'axactor.com' is centered in the middle of the image.

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