

AXACTOR

AXACTOR Q4 2016 PRESENTATION

February 28, 2017

4th Quarter 2016 – Axactor AB

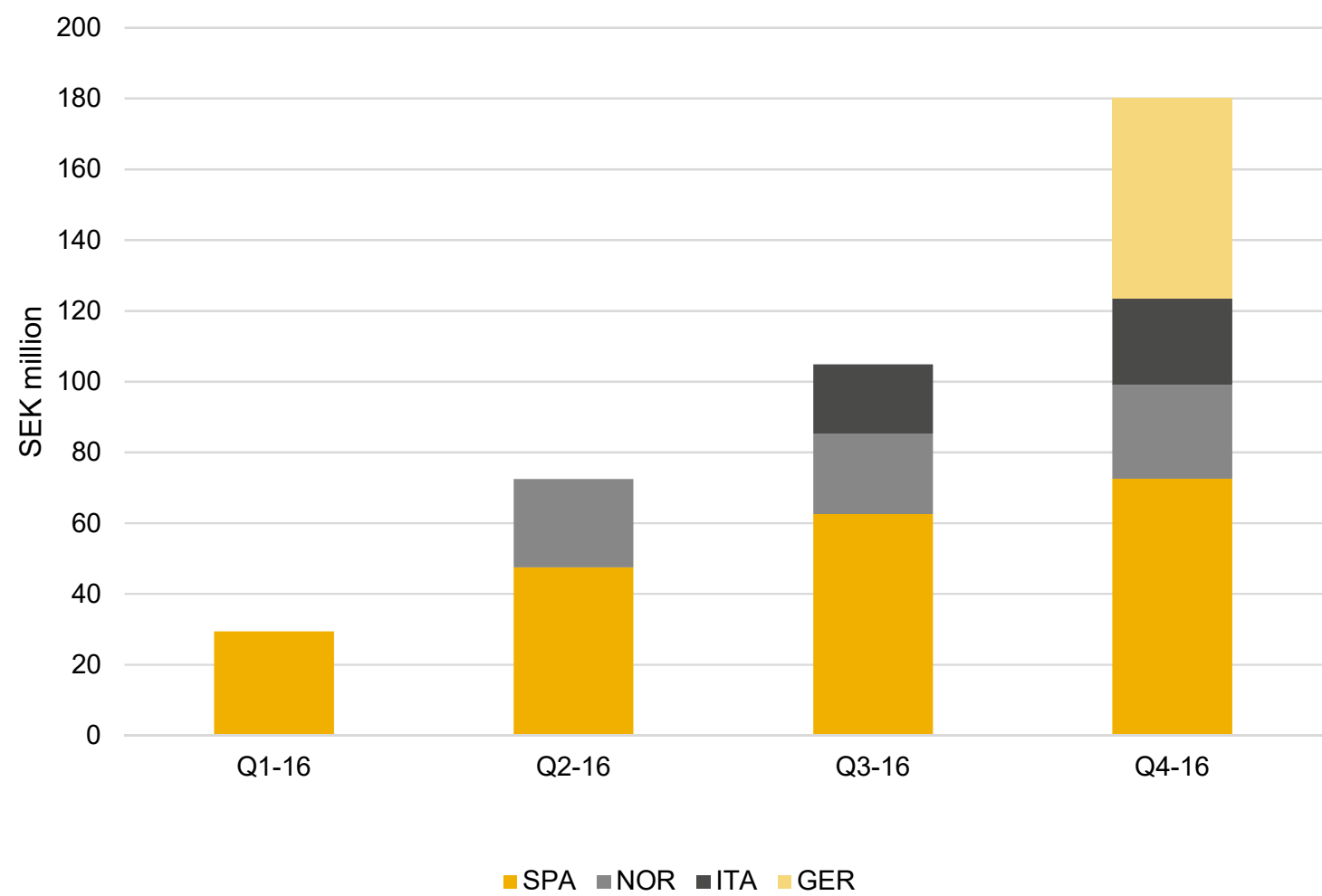
Key highlights Q4

REVENUE 180 SEK MILLION +71% Q/Q	ERC 3 012 SEK MILLION +21% Q/Q	CASH EBITDA 2.8 SEK MILLION	Share Issue Proceeds 728 SEK MILLION	CASH BALANCE 618 SEK MILLION
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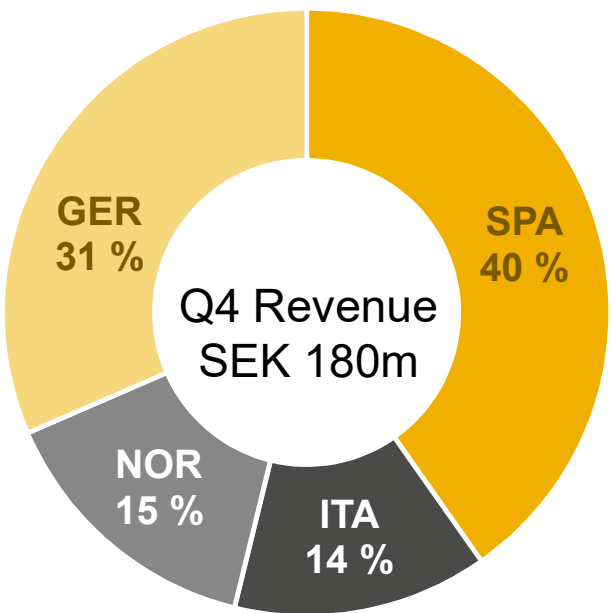
- Large portfolio purchased in Spain; estimated gross collection first year EUR 7 million
- Forward flow deal Norway signed; start-up Apr-17; SEK 5 million in fresh claims monthly
- Initial M&A phase behind us – non-recurring M&A and restructuring cost of SEK ~35m in 2016
- New collection system implemented in Spain

Growth through acquisitions – balanced revenue mix

Revenue Development per Country

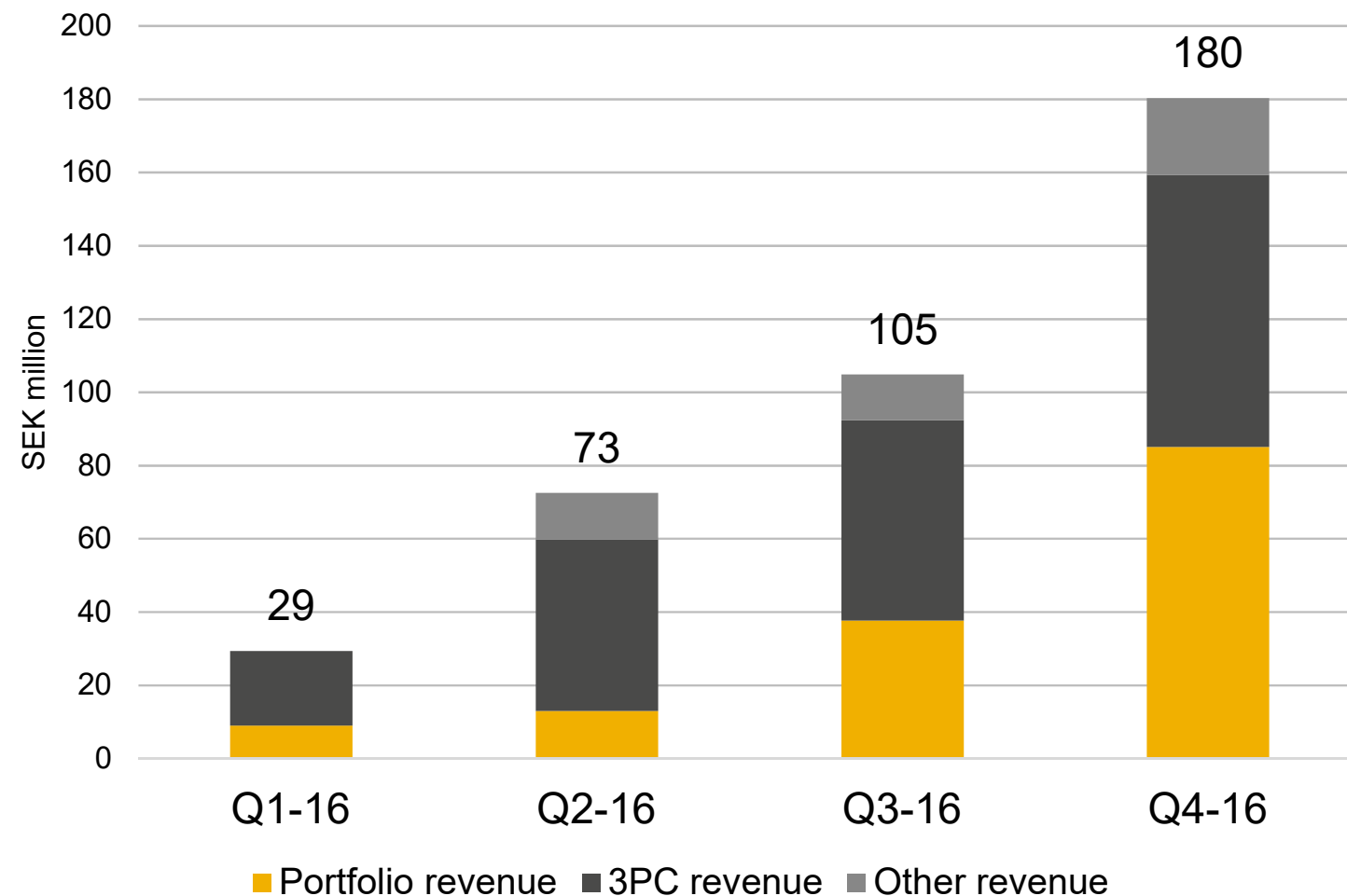


- Axactor represented in 3 of the largest NPL markets in Europe (GER, ITA and SPA)
- Norway shows good potential for further 3PC growth and NPL acquisitions
- Well balanced revenue mix geographically



Growth through acquisitions – balanced revenue mix



Revenue Development per Product



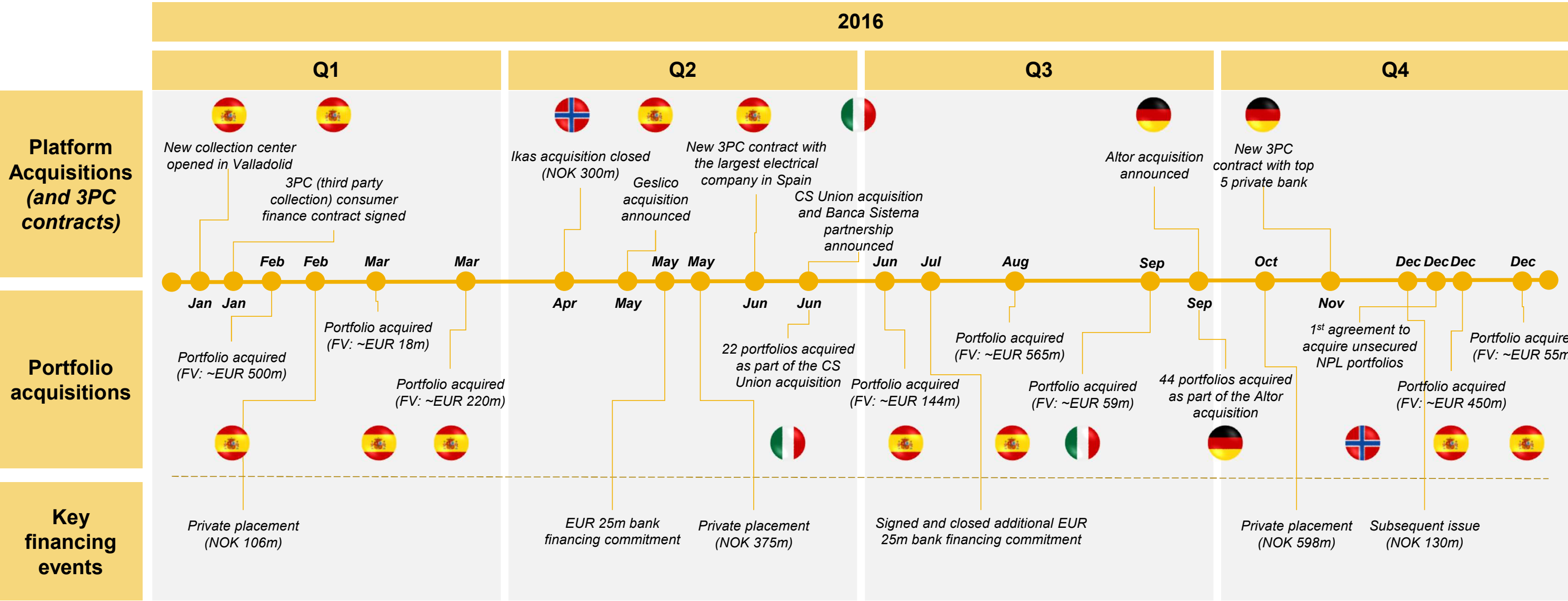
- Year end 2016 with a healthy balance between NPL and 3PC revenue
- Continue to focus on 3PC growth to drive cash flow
- Q4 without full effect of 2016 NPL portfolio acquisitions
- Important to keep a balanced revenue mix going forward

Axactor Management Plan one year ago (Q4/'15 presentation).....

Axactor Strategy & Action plan

	Step 1 	Step 2 	Step 3 
Strategy	<ul style="list-style-type: none"> Establish debt collection service platform in Spain 	<ul style="list-style-type: none"> Top 3 market share in debt collection in Spain  Collection of debt on acquired Non-Performing loan portfolios  	<ul style="list-style-type: none"> Enter new growth markets with platform and portfolio acquisitions in Germany and Italy 
Action	<ul style="list-style-type: none"> Acquisition of a Spanish debt collection platform with the ALD Abogados transaction 	<ul style="list-style-type: none"> Debt portfolio purchase from Financial Institutions  Expand the 3rd party collection business and increase work force  	<ul style="list-style-type: none"> Acquire attractive platforms in Germany and Italy  Cost optimisation and synergies with integration of all platforms in one debt collecting group 
Economics	<ul style="list-style-type: none"> Acquisition of ALD Abogados at attractive multiples 	<ul style="list-style-type: none"> Collect debt 2.0x – 3.0x purchase price  	<ul style="list-style-type: none"> Acquisitions of platforms at attractive multiples 
Timeline	December 2015	2016	2016 - 2018

.... and what did we deliver - Axactor 2016 Main Milestones



Notes: FV = face value
7

1H 2017 Main Focus Areas

NPL portfolio acquisitions – Primary Sales from Financial Institutions

Leveraging existing products in new markets

Nordic expansion - acquisition of Profact in Sweden

Operational improvements & system implementation to increase efficiency

Establish the Co-invest structure to increase CAPEX capacity



The Profact deal - access to the attractive Swedish NPL market

Strategic rationale

**Axactor to establish
“Nordic” value proposition**

**Improving market
conditions in Sweden**

**Further geographical
diversification**

**Consolidation game
creates opportunities for
Axactor**









The Profact transaction will give Axactor:

- Immediate access to the Swedish debt collection market
- A high quality collection system, including collection data
- Team with strong competence within debt collection
- The necessary platform to grow the 3PC and NPL business
- Company with the necessary 3PC license

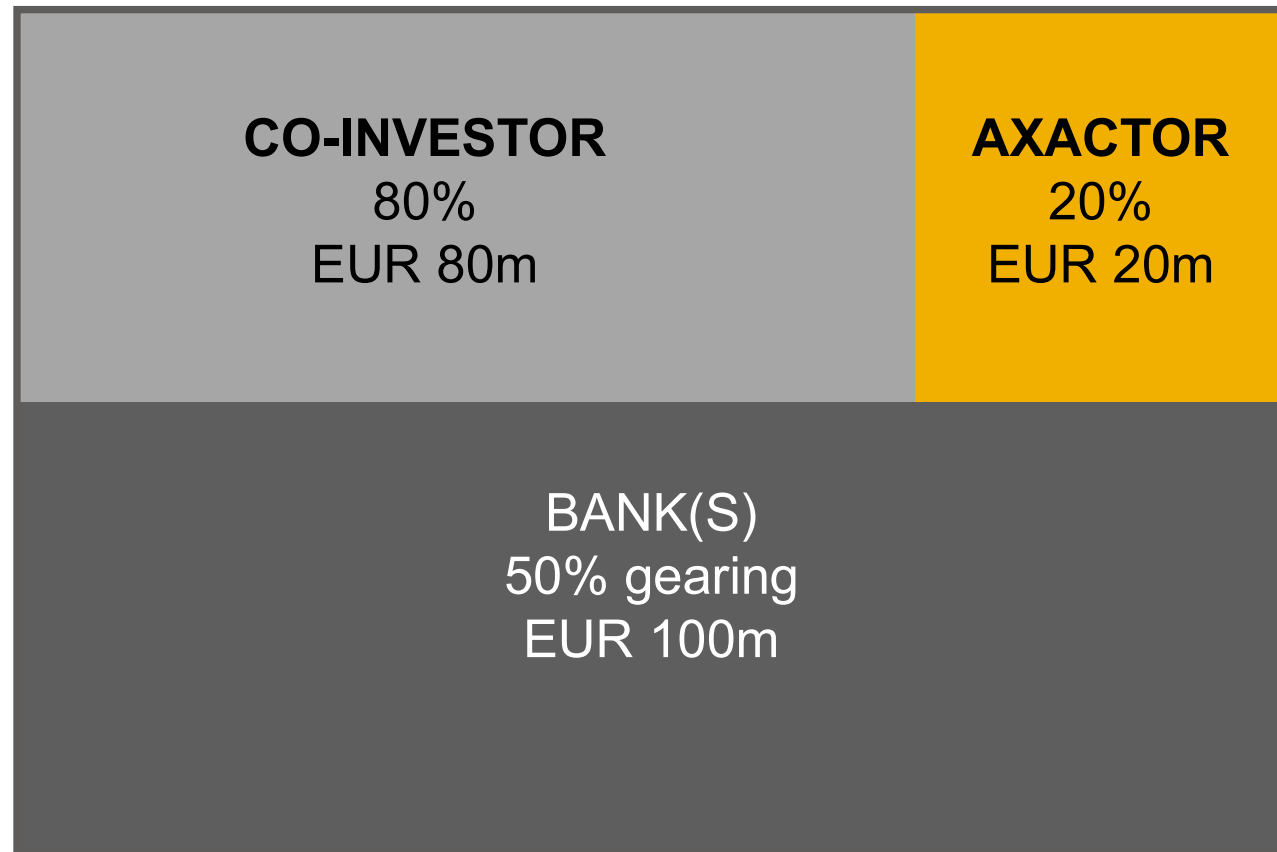
Profact in a nutshell

- Profact provides Credit Management & Customer Services
- 25 FTEs, 15 with debt collection competencies
- Located in Gothenburg – the main collection hub in Sweden
- 2016 revenue of ~2m EUR and with moderate margin

Status Operational Improvements & Systems Implementation

<div><div><div><div></div></div><div>Behind plan</div></div><div><div></div><div>Amber – Plan initiated</div></div><div><div></div><div>On Track</div></div></div> <th>System/ Standard</th> <th>Overall status</th> <th><div> Planned completion</div></th> <th><div> Planned completion</div></th> <th><div> Planned completion</div></th> <th><div> Planned completion</div></th>	System/ Standard	Overall status	<div> Planned completion</div>	<div> Planned completion</div>	<div> Planned completion</div>	<div> Planned completion</div>
COLLECTION SYSTEM	Country specific	<div><div></div></div>	✓	May-17	✓	✓
DIALER	Axactor Standard	<div><div></div></div>	April-17	Sept-17	April-17	Q3-17
IT INFRASTRUCTURE	Axactor Standard	<div><div></div></div>	Phase I – done Phase II – Q3-17	✓	March-17	Q4-17
ERP SYSTEM/ INC. HR	Axactor Standard	<div><div></div></div>	Q1-17 (I) Q3-17 (II)	Q1-17	Phase I - April Q3-17 (II)	Phase I - Q3-17
DEBTOR PORTAL	Axactor Standard	<div><div></div></div>	H2-17	H2-17	H2-17	✓
BUSINESS INTELLIGENCE/ DATA WAREHOUSE	Axactor Standard	<div><div></div></div>	Q2-17	H2-17	Q2-17	Q3-17

Co-Invest Structure – EUR 200m Investment Capacity (illustrative)



- SPV to acquire 3-7 portfolios in the “Axactor countries”
- Axactor gets servicing agreement for entire set of portfolios with associated solid EBITDA
- Increases Axactor’s CAPEX capacity and reducing the risk
- Adding significant collection volumes to Axactor collection centers
- Enables Axactor to bid for significantly larger portfolios

Key financials Q4-16

Income statement

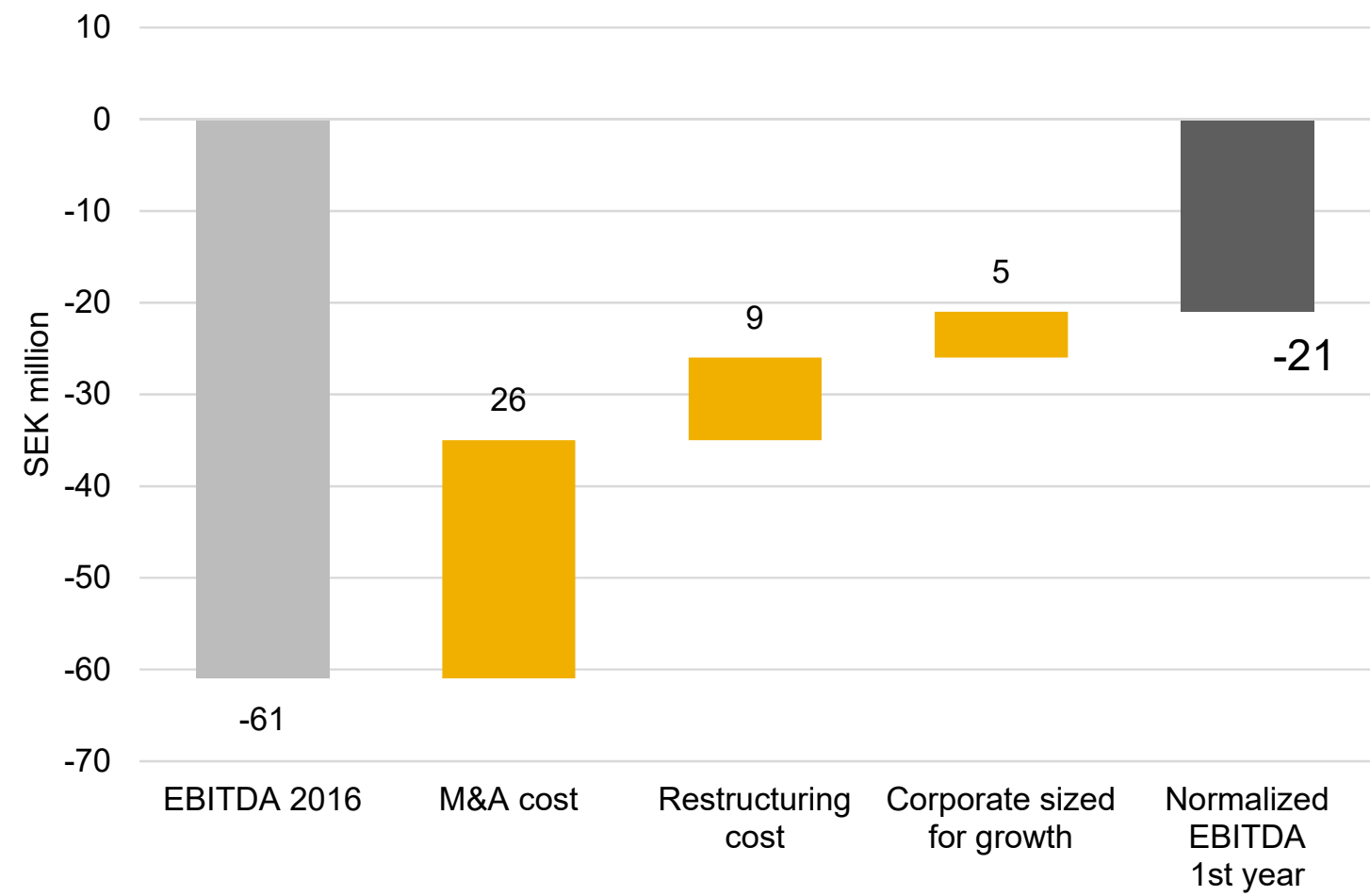
(TSEK)	4Q 2016	3Q 2016	Year-to-Date 2016	Jan - Dec 2015
Income	180 250	105 301	387 224	4 437
Amortization of debt portfolios	-19 846	-3 595	-32 766	
Net revenue	160 404	101 705	354 458	4 437
Operating expenses	-74 196	-55 330	-207 522	-29 940
Personnel expenses	-97 994	-53 558	-207 922	-5 089
EBITDA	-11 785	-7 183	-60 986	-30 592
Amortization and depreciation	-11 685	-8 989	-29 809	-837
EBIT	-23 470	-16 172	-90 794	-31 429
Financial revenue	-17 238	7 079	11 206	329
Financial expenses	-13 452	-5 166	-33 866	-30 218
Net financial items	-30 690	1 912	-22 661	-29 889
Profit/(loss) before tax	-54 160	-14 260	-113 455	-61 318
Tax expense	8 506	-5 763	7 028	
Net profit/(loss) from continued opera	-45 654	-20 022	-106 428	-61 318
Result for the period attributable to:				
Equity holders of the Parent Company	-45 654	-20 022	-106 427	-166 606
Result for the period	-45 654	-20 022	-60 773	-166 606
CASH EBITDA	2 800	1 500	-24 600	
NORMALIZED EBITDA	-5 300	-1 900	-26 600	

Key comments

- Altor included in Q4 P&L
- Interest cost for the quarter is SEK 10.3 million
- Unrealized FX effect is SEK -23.2 million
- Amortization of NPLs and depreciation of (mainly) goodwill amounts to SEK -62.5 million.
- Cash EBITDA positive for the last two quarters
- As of Q1 2017 Report the reporting currency for Axactor will be EUR
- Q1 2017 report will introduce a more relevant and more detailed segment analysis

2016 EBITDA adjusted for “non-recurring” items

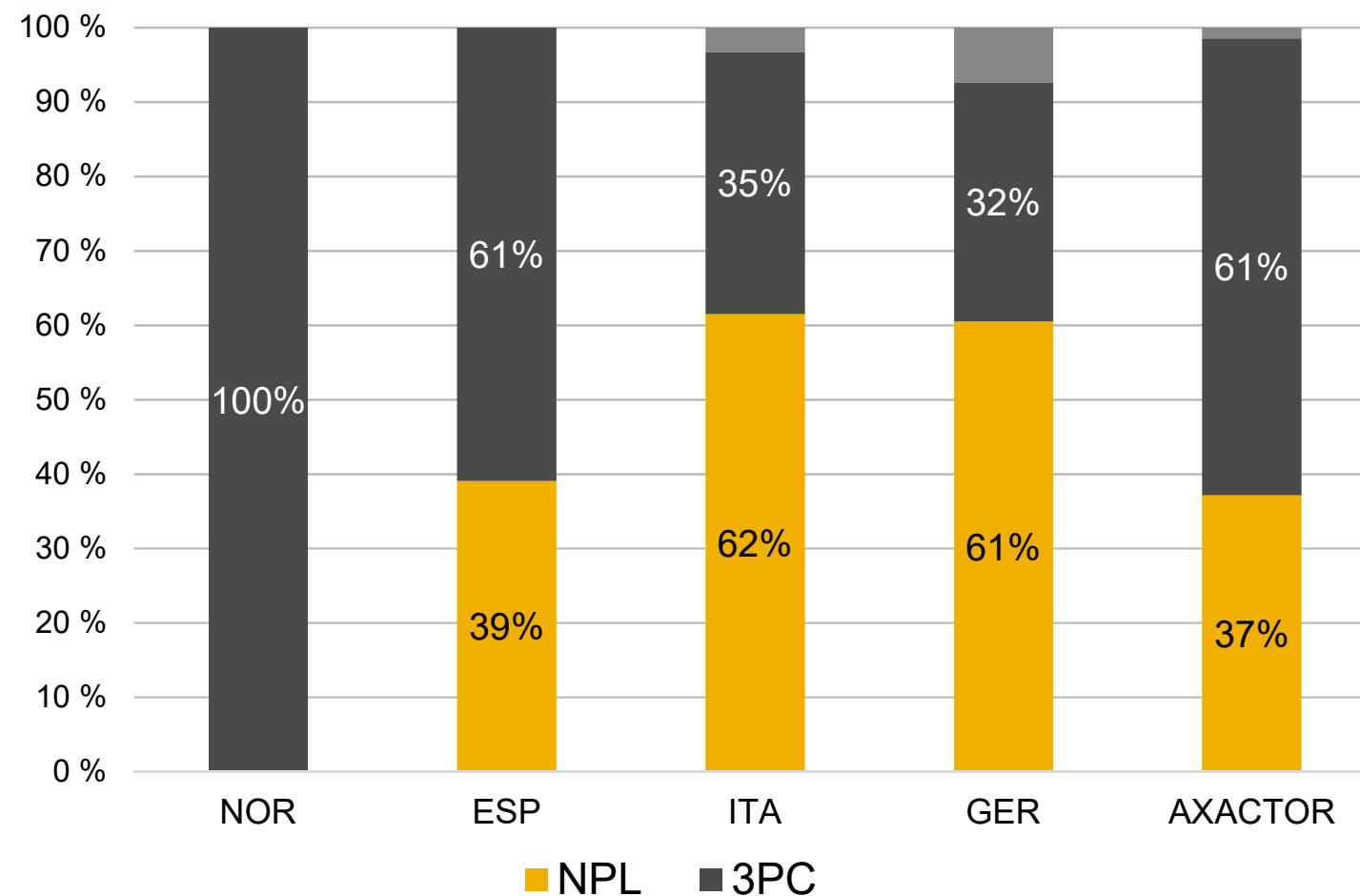
EBITDA bridge to pro-forma adjusted EBITDA



- Significant cost related to transaction support and DD related to 4 acquisitions
- Restructuring in Spain
- Corporate team sized for a “fully fledged” organization

Growth through acquisitions – balanced revenue mix

2016 Revenue mix per service per country



- NPL relative size is expected to increase through 2017 as we ramp up NPL portfolio acquisitions
- Large carve-out agreements would bolster the 3PC relative size to the extent we are successful in winning this type of deals
- We are actively introducing existing products in to new markets within the Axactor group

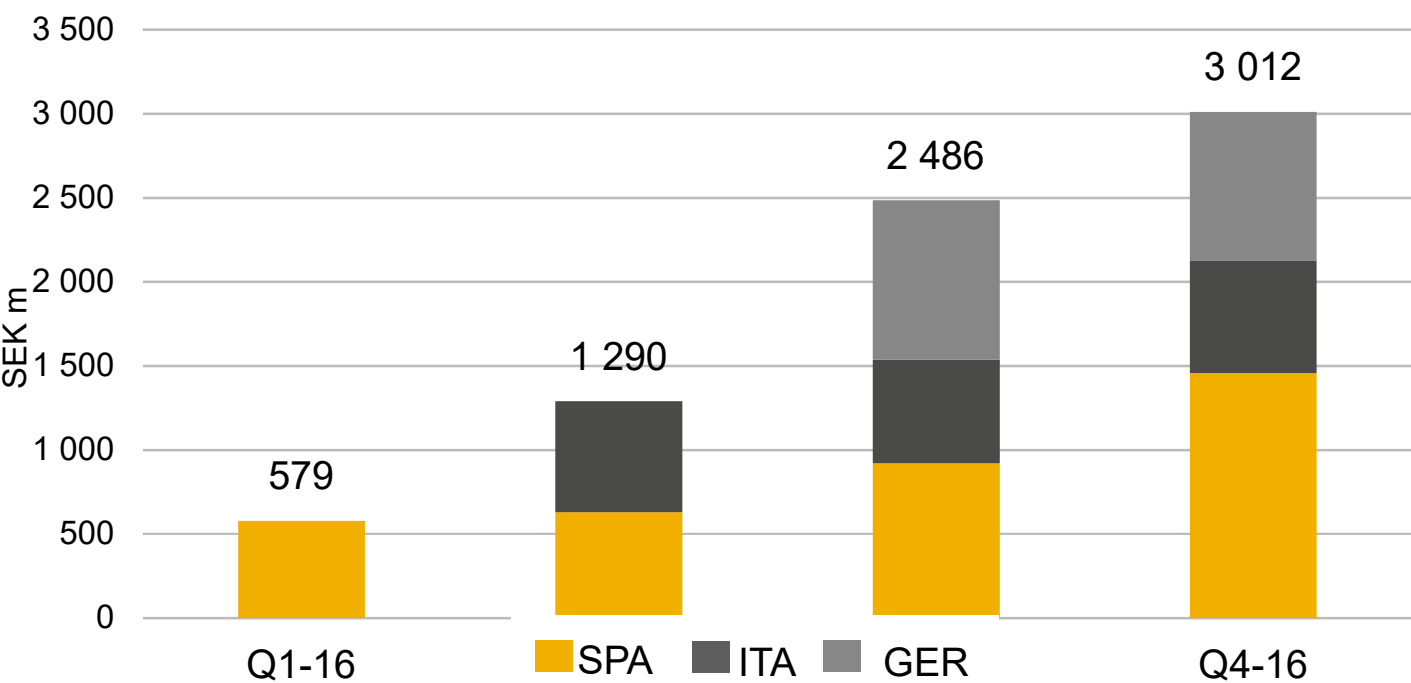
Q4 Balance Sheet

Assets			
SEK 1000'	31.12.2016	30.09.2016	31.12.2015
Intangible non-current assets			
Intangible assets	175 522	164 500	45 103
Goodwill	511 741	492 136	124 467
Deferred Tax Asset	13 799	4 633	
Tangible non-current assets			
Property, Plant and equipment	22 623	31 899	549
Financial non-current assets			
Purchased debt portfolios	1 224 457	950 750	
Other long term receivables	9 544	21 578	
Other long term investments	4 097	1 091	267
Total non-current assets	1 961 781	1 666 587	170 386
Current Assets			
Current receivables	54 073	59 945	58 284
Other current assets	74 701	84 815	3 760
Restricted cash	14 504	20 223	4 000
Cash and cash equivalents	603 053	308 303	368 375
Total current assets	746 331	473 287	434 419
TOTAL ASSETS	2 708 112	2 139 874	604 805

Equity and liabilities			
SEK 1000'	31.12.2016	30.09.2016	31.12.2015
Equity			
Share capital	613 244	473 244	298 307
Other paid-in capital	2 510 970	1 884 121	1 468 788
Retained earnings and profit for the year	-1 395 224	-1 346 421	-1 290 103
Reserves	20 999	26 336	-96
Non-controlling interests			
Total equity	1 749 989	1 037 280	476 992
Non-current liabilities			
Non-current interest bearing debt	240 601	732 768	
Convertible loan			5 000
Deferred tax liabilities	57 021	68 780	11 357
Other non-current liabilities	32 388	37 977	500
Total long term liabilities	330 010	839 525	16 857
Current liabilities			
Accounts payable	63 614	67 845	12 420
Current portion of non-current borrowings	467 362	81 932	
Taxes Payable	3 705	6 391	9 963
Other current liabilities	93 431	106 900	88 573
Total current liabilities	628 113	263 068	110 956
TOTAL EQUITY AND LIABILITIES	2 708 112	2 139 874	604 805

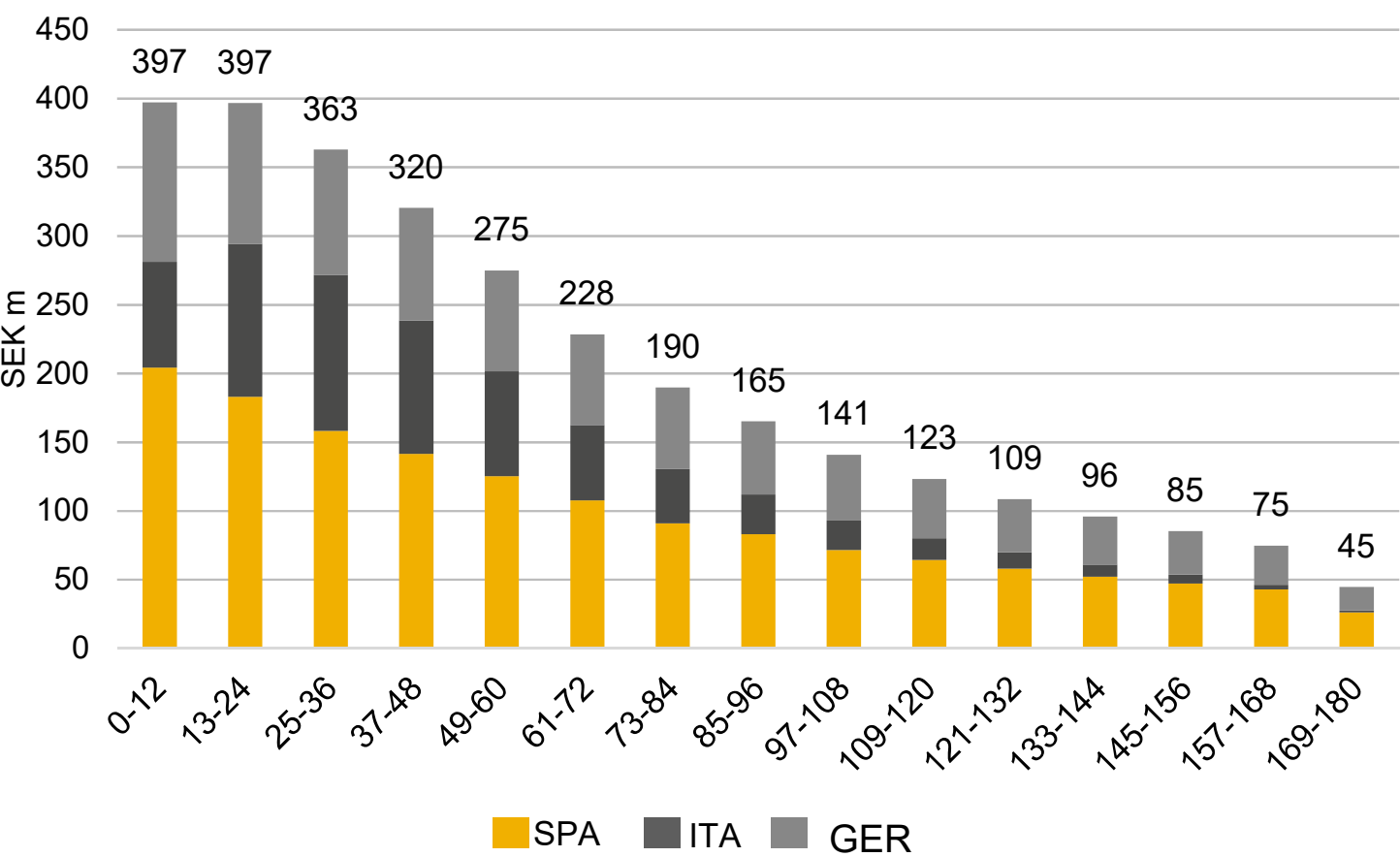
Portfolio Statistics

Historical Development ERC



- 7 portfolios acquired in Spain in 2016
- 2 new portfolios in Italy since the acquisition of CS Union end of Q2
- No portfolios added in Germany since acquisition of Altor in Q3/Q4

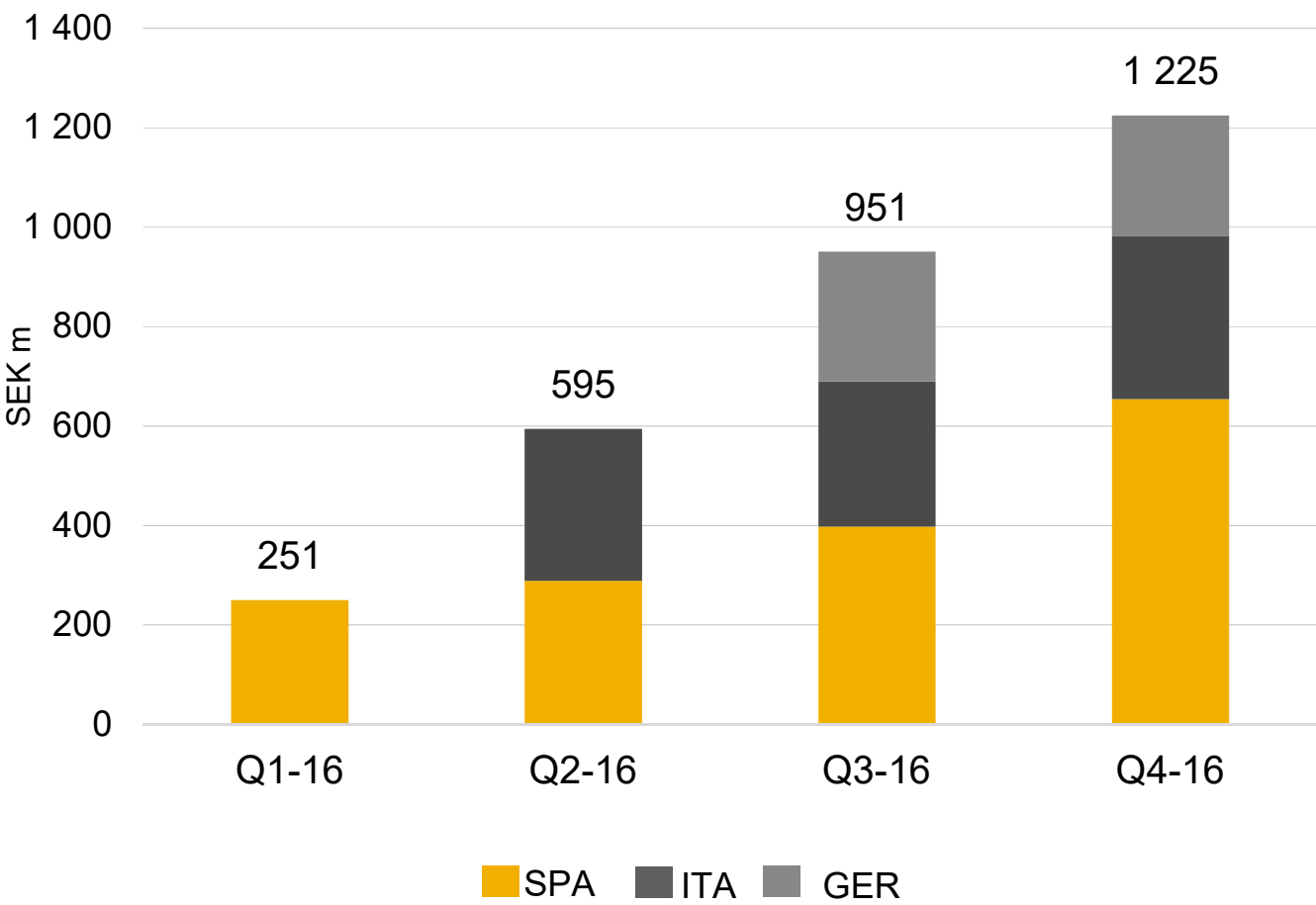
Collection curves - ERC per year – as of end 2016



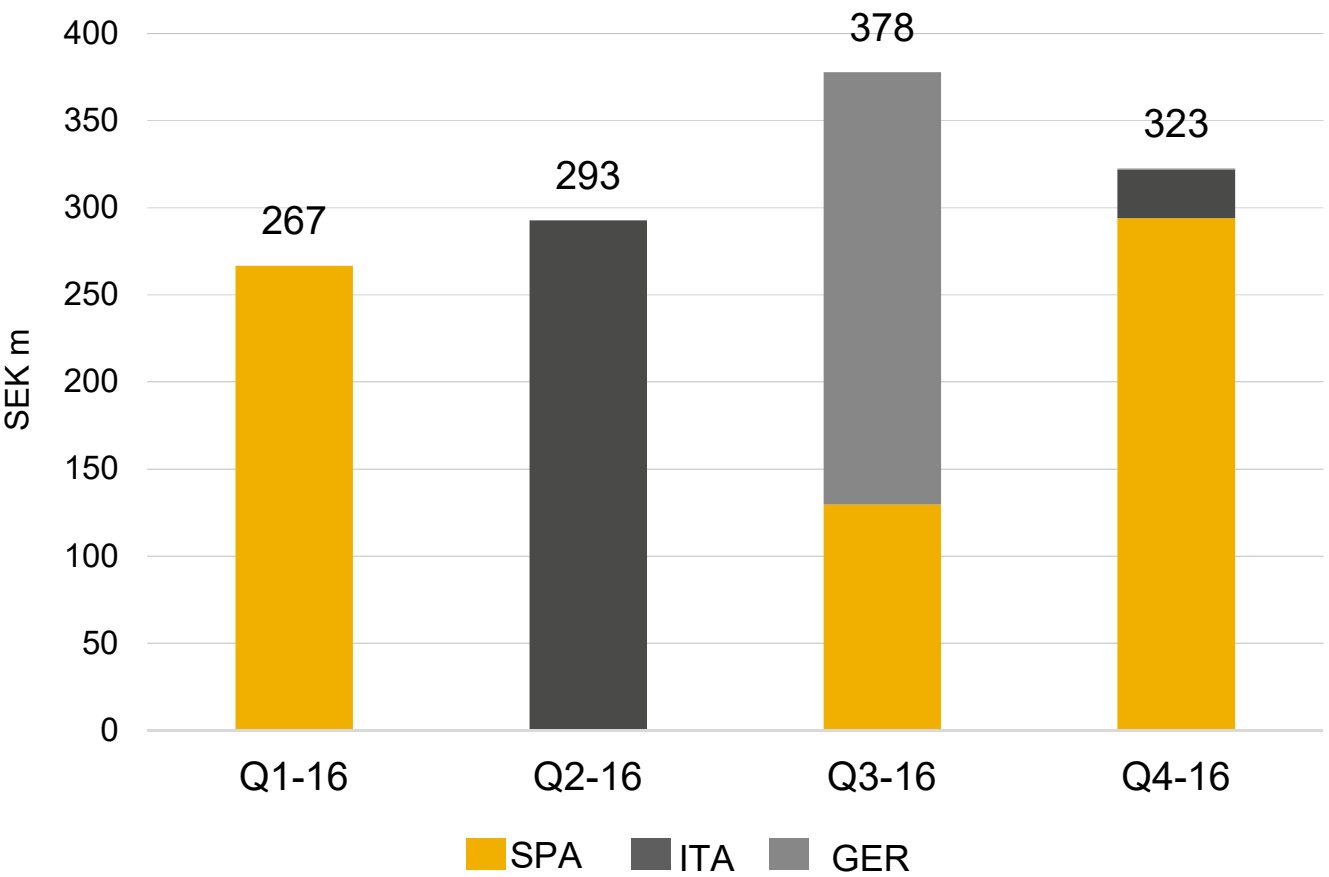
- All countries with 15 years collection curves

Portfolio Statistics

Book value Portfolios

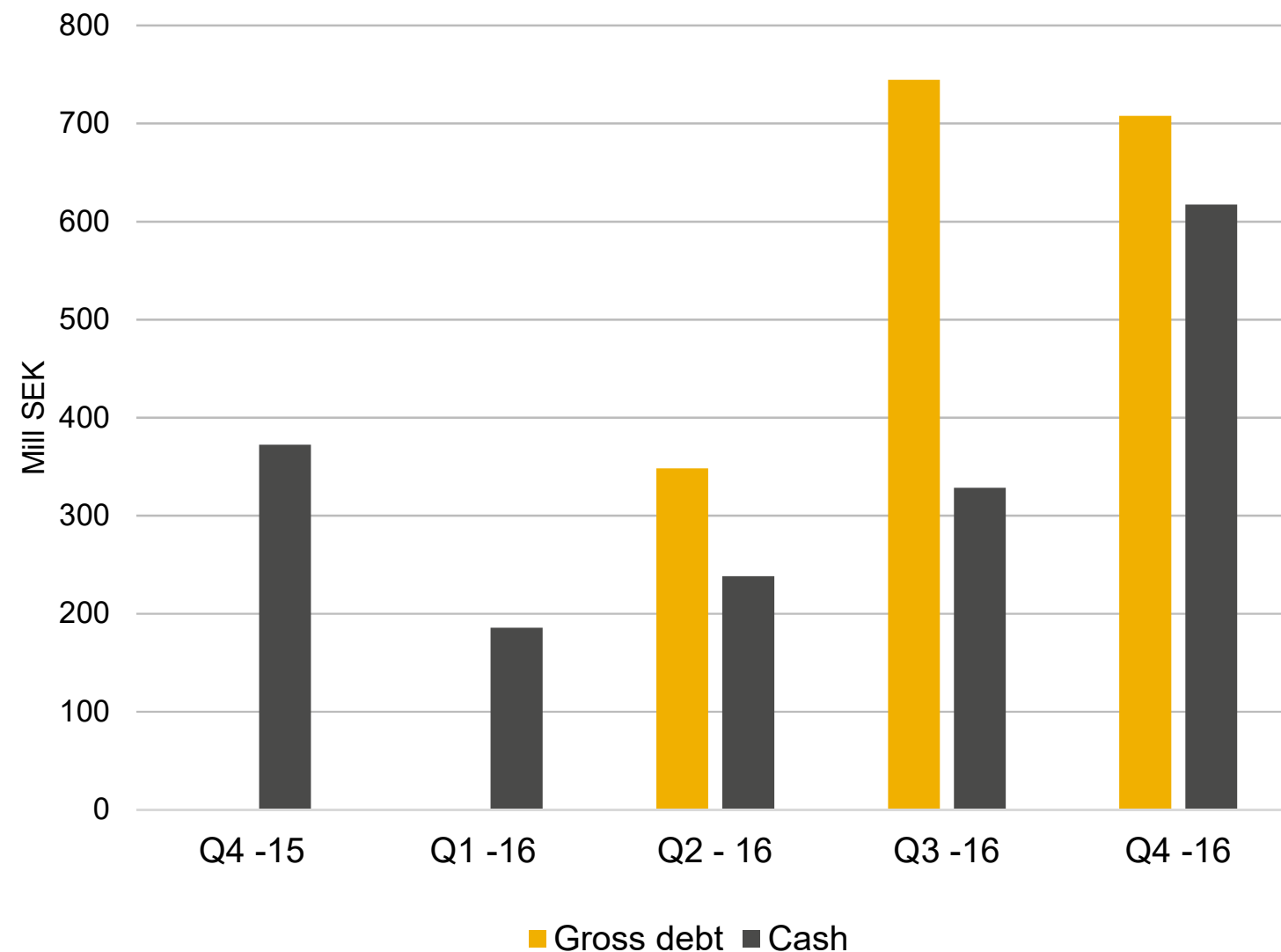


Capex



• Includes portfolios held by platform companies at the time of acquisition

Debt and Leverage



DNB/Nordea RCF

- Currently max leverage on portfolio is 35%
- Leverage ratio to increase to 50% when;
 - 7 approved loan portfolios with acquisition price of >1m EUR have a performance of a minimum 95% last 6 months
- Leverage ratio to increase to 65% when;
 - 14 approved loan portfolios with acquisition price of >1m EUR have a performance of a minimum 95% last 6 months
 - Book value of a Approved Loan Portfolios exceeds EUR 50,000,000
- We expect to meet 50% leverage criteria's before of end of Q1 and 65% leverage criteria's before end of Q3

Italy (Outside DNB/Nordea ring fence)

- 100% gearing on portfolios @ 3m EURIBOR + 2%,
- Total NPL facilities 41m EUR (27m utilized) and 12m in overdraft facilities (5m Utilized). Working to increase to NPL facility during 2017.

DNB/Nordea Revolving Credit Facility

Investment restrictions

- Max Portfolio size (15m EUR)
- Max average claim size (30k EUR)
- Min IRR (10%) on investment
- Max share of Telco/retail claims (15% of aggregate)
- Country/Region restrictions
- Forward flow contracts a maximum duration of 12 months or a termination clause with the same effect

Financial Covenants

- Group NIBD to Cash EBITDA < 3x (tested every quarter from Q4 2016)
- Axactor Platform AB consolidated NIBD to EBITDA < 2,5x (tested every quarter from Q4 2016)
 - Waiver in place for the Platform NIBD to EBITDA covenant for the Q4 2016 reporting



Summary

- EUR 100-150m as 2017 NPL Portfolio CAPEX Plan (without co-investor)
 - Ambition to increase gearing to 50% in 1H2017
 - Co invest – a game changer – increases investment capacity significantly
 - Bolt-on acquisitions to get access to special competencies in our existing markets
 - Nordic expansion – Acquisition of Profact in Sweden
 - Strong 1H NPL portfolio pipeline
 - Bank Carve-outs – we see several financial institutions preparing
-
- New Board elected on January 20th
 - New EVP Sales joined in January

Investor Relations in Axactor

Next event:

First quarter results
May 31, 2017

*For more information see:
www.axactor.com/investor-relations*

Investor Relations Contact:

*Geir Johansen CFO
Email: Geir.johansen@axactor.com
Mobil +47 477 10 451*



www.axactor.com

Appendix

Board of Directors



Bjørn Erik Næss
Chairman

- CFO of DNB ASA since 2008
- Previous experience includes CFO of Aker Kværner ASA, as well as similar positions at Orkla and Carlsberg
- MSc in Economics from the Norwegian School of Economics & Business Administration



Beate Skjerven Nygårdshaug
Board Member

- Holds several board positions
- Former experience includes head of legal at Kistefos, and legal counsel at TDC Song
- Master of Law from the University of Oslo, MBA from IMD, Switzerland



Brita Eilertsen
Board Member

- Chairman of the Board of NEXT Biometrics, as well as board member at NRC Group ASA, Pareto Bank, Carnegie Kapitalforvaltning, et. al.
- MSc in Economics from the Norwegian School of Economics, in addition to being a Certified Financial Analyst (AFA)



Merete Haugli
Board Member

- Experience as board member of several companies, including Comrod Communication ASA, Reach Subsea ASA, RC Platou ASA, Norwegian Property ASA, et.al.
- Degree in Finance from BI Norwegian Business School and BI Banking Academy



Dag W. R. Strømme
Interim Chairman
(until 1 March 2017)

- Chairman of Racom AS, and Board member of Fortuna Fix Ltd.
- Experience includes various senior positions at Triton, Herkules and Morgan Stanley
- Bachelor of Science in Business Administration from University of California, Berkeley



Terje Mjøs
Board Member

- Chairman of the Board of Solid Media Group, and senior advisor to Apax Partners
- Experience includes being CEO of EVRY ASA
- Cand. Scient. in Computer Science from the University of Oslo, as well as an MBA from BI Norwegian Business School



Michael Hylander
Deputy Board Member

- Chairman of the Board of MAQS
- 20 years of law experience, mostly within corporate law
- Master of Law from Uppsala University (LL.M.), as well as a Master's degree from Amsterdam School of International Relations



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