



Q1 2019 presentation

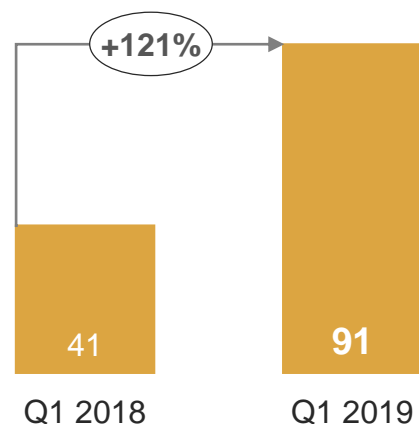
Axactor SE

April 26, 2019

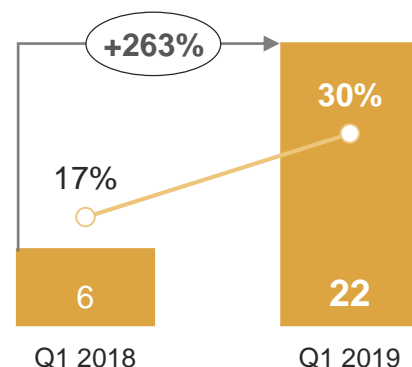
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Q1 2019 - Key highlights

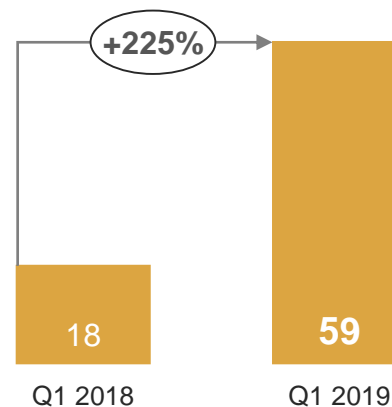
Gross revenue
(EUR million)



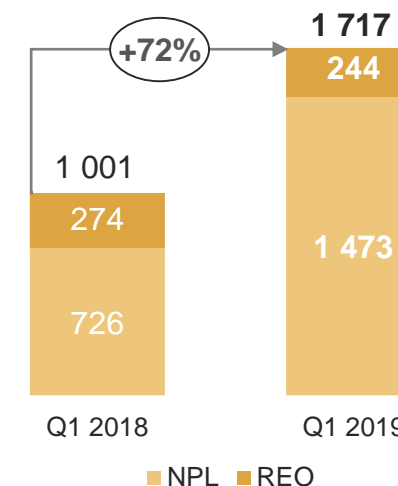
EBITDA and margin



Cash EBITDA



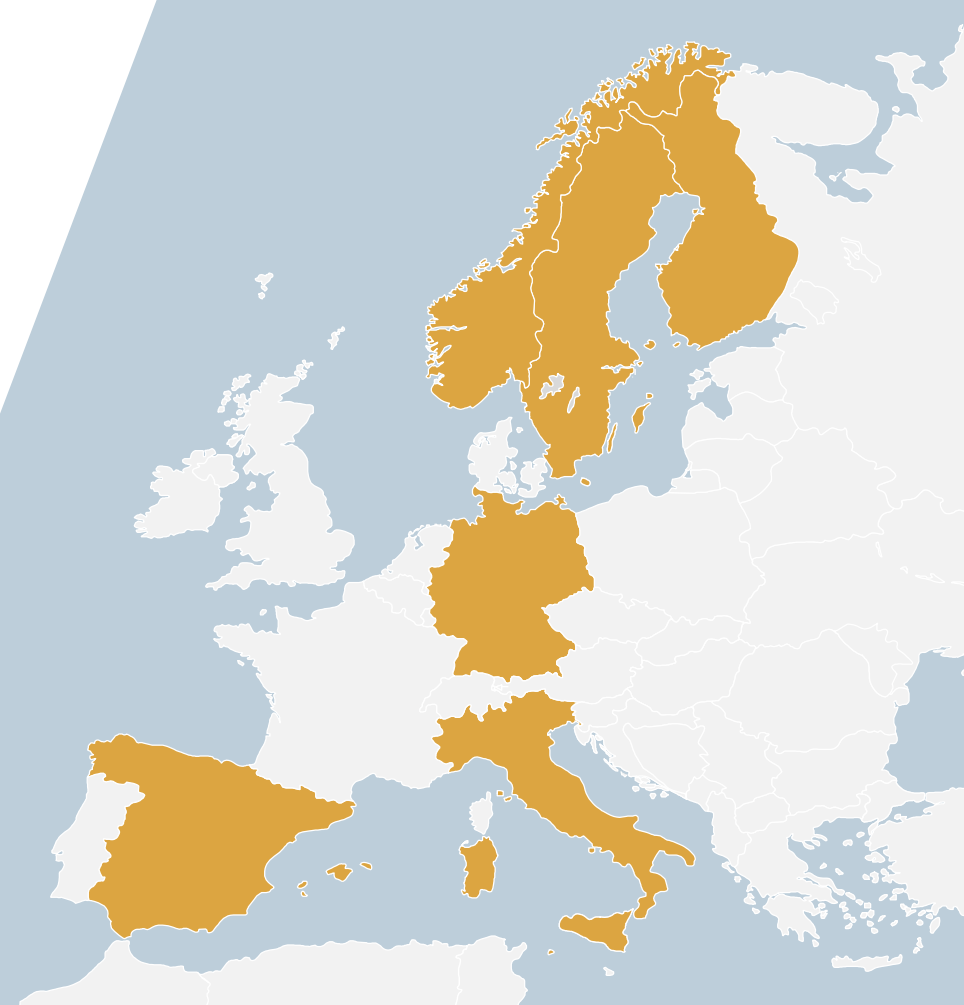
ERC
(EUR million)



- Revenue more than doubling and with continued margin expansion
- EUR 8 million Earnings Before Tax – up 47% from Q4 2018
- CAPEX of EUR 69 million invested in NPL portfolios – mainly forward flow contracts
- Released EUR 100m of additional funding from RCF accordion option and EUR 50m from Bond Tap
- 2019 planned CAPEX deployment of EUR 400-450m

Attractive European NPL market

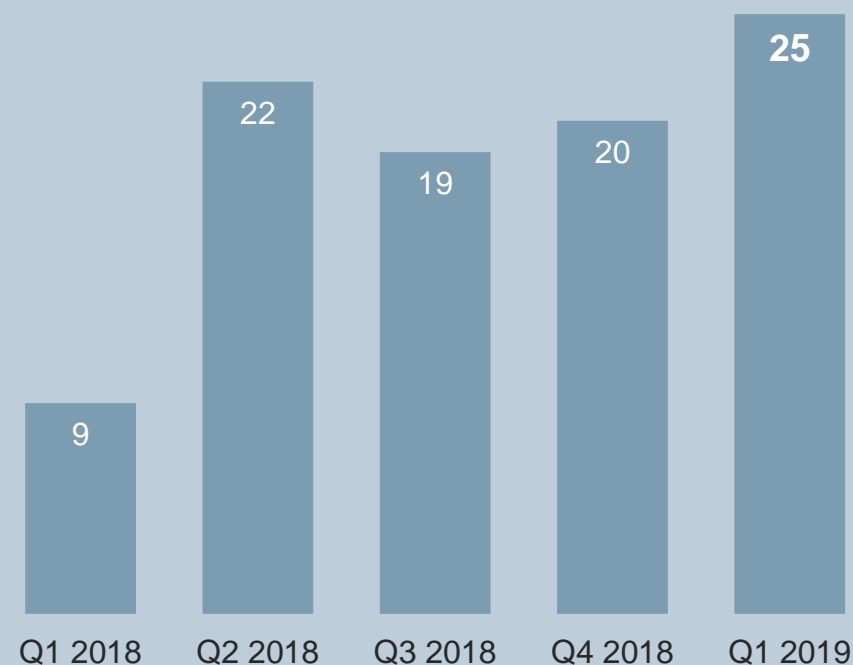
- Q1'19 NPL gross revenue of EUR 52.4m (20.9)
- NPL contribution margin of EUR 27.1m (10.4) or 77% of net revenue (67%)
- Steady flow of new portfolios coming to the market
- Attractive opportunities in all Axactor markets
- Declining portfolio prices - “Axactor markets” trading at 12-14% IRR



The REO sales growing

- Q1 REO gross revenue of EUR 24.7m (8.7)
- Sales growth of 22% vs Q4'18 - and return to profitability
- REO contribution margin of EUR 2.8 or 11%, up from EUR -0.8m (-4%) in Q4'18
- Prioritizing margins over sales volumes and expecting positive sales trend to continue in Q2'19

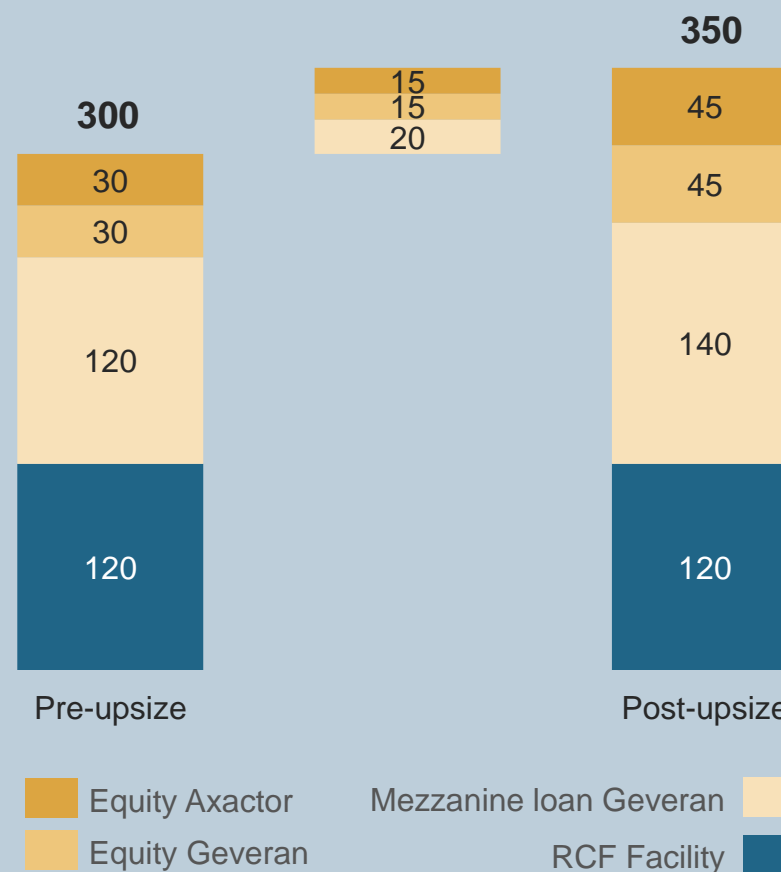
REO gross revenue
(EUR million)



Improved funding

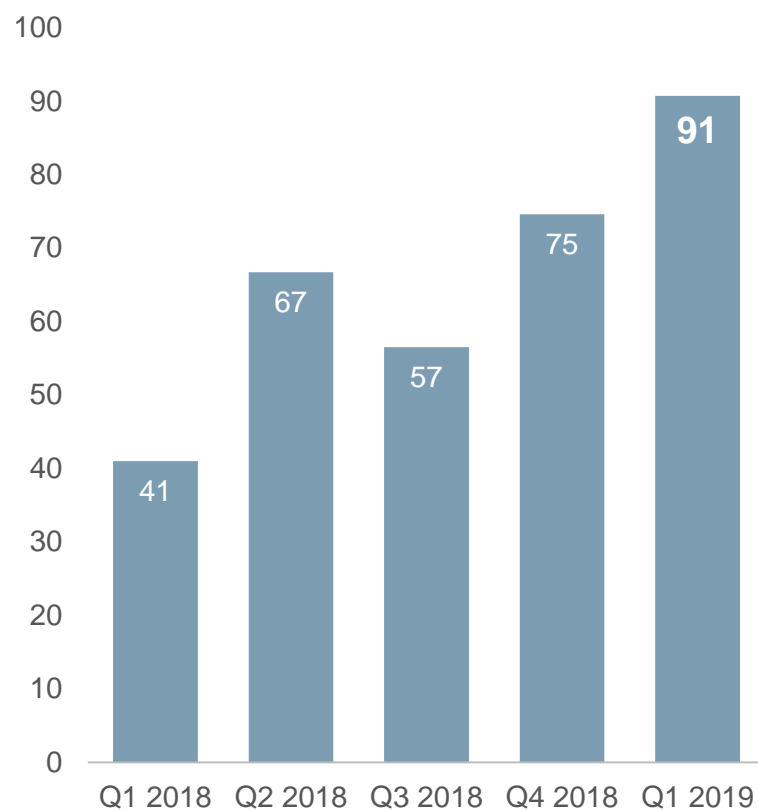
- ~EUR 185m in increased funding capacity
 - EUR 100m accordion option in February
 - EUR 50m bond tap option in March
 - EUR 15m equity investment and
 - EUR 20m loan from Geveran to Axactor Invest 1 in April'19
- Upgrading 2019 investment level from EUR 350-400m to EUR 400-450m

Axactor Invest 1 funding (EUR million)

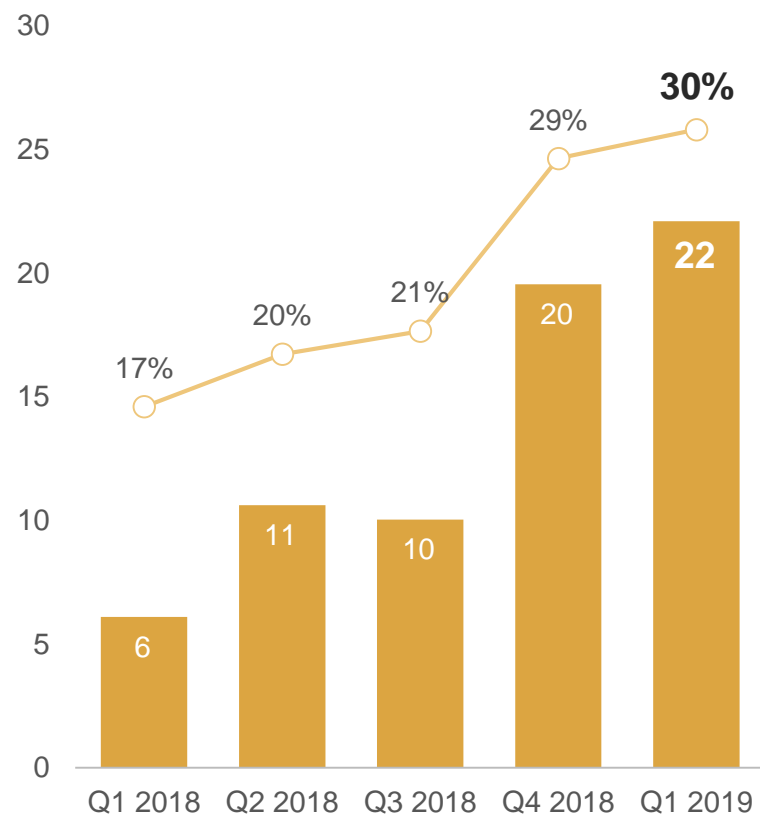


Revenue growth and margin improvement

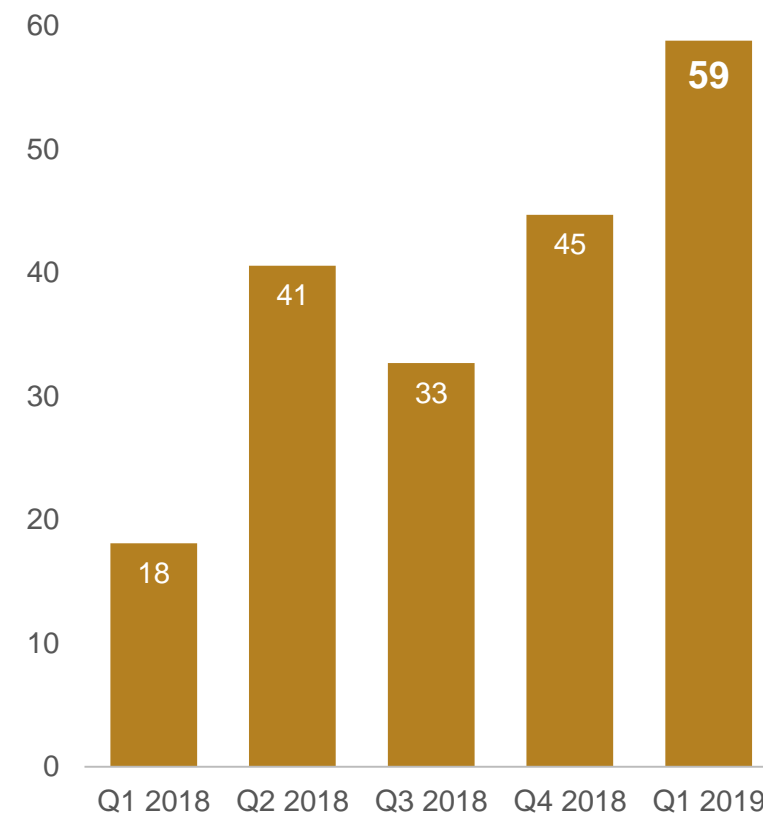
Gross revenue development
(EUR million)



EBITDA (EUR million) and
EBITDA-margin

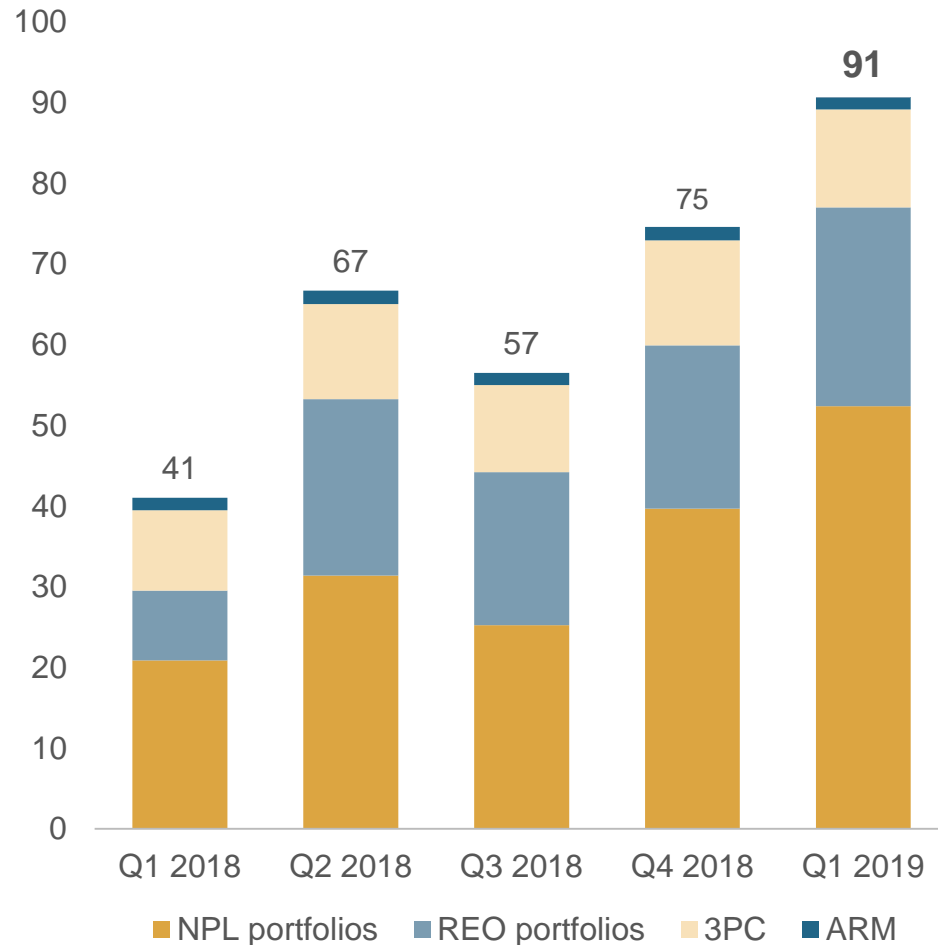


Cash EBITDA
(EUR million)



NPL and REO growth from Q4 to Q1

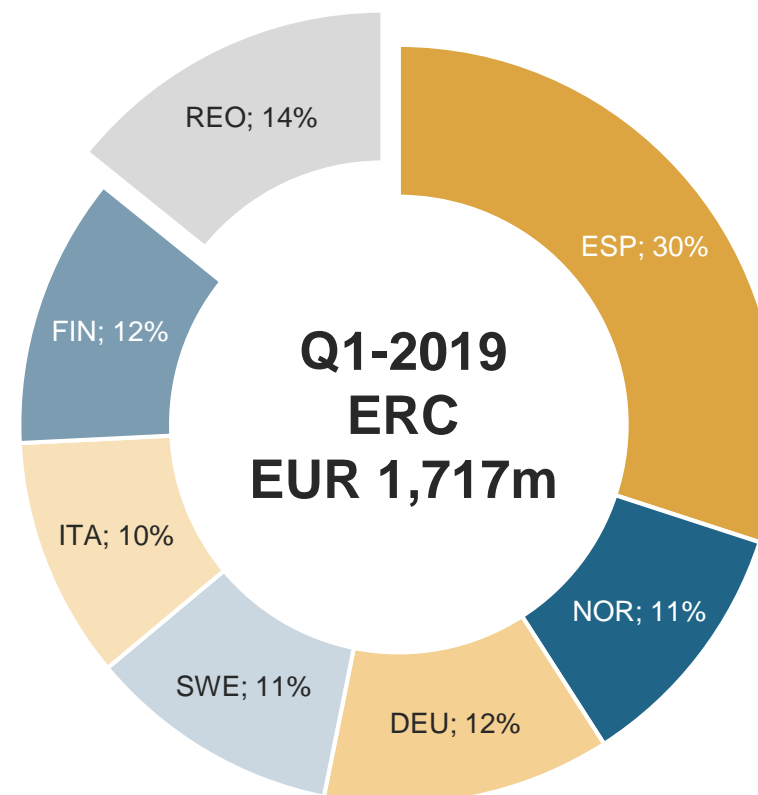
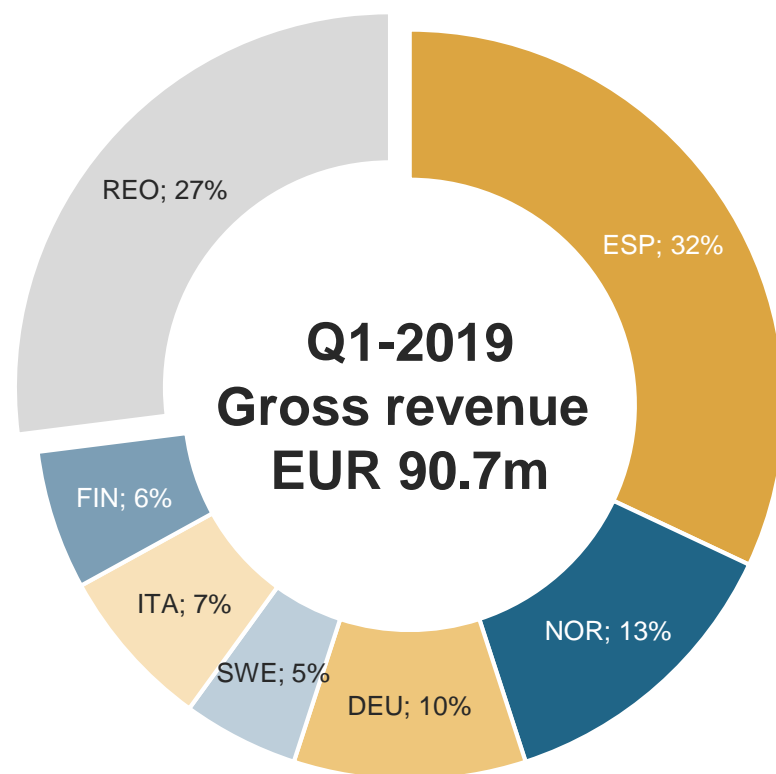
Gross revenue per segments (EUR million)



- NPL collection up 32% from Q4'18, driven by large investments in Q4'18
- REO sales up 22% from Q4'18
- 3PC with 22% y/y growth
- Stable ARM business before roll-out to new markets

More balanced geographical footprint

REO portion set to decline over time

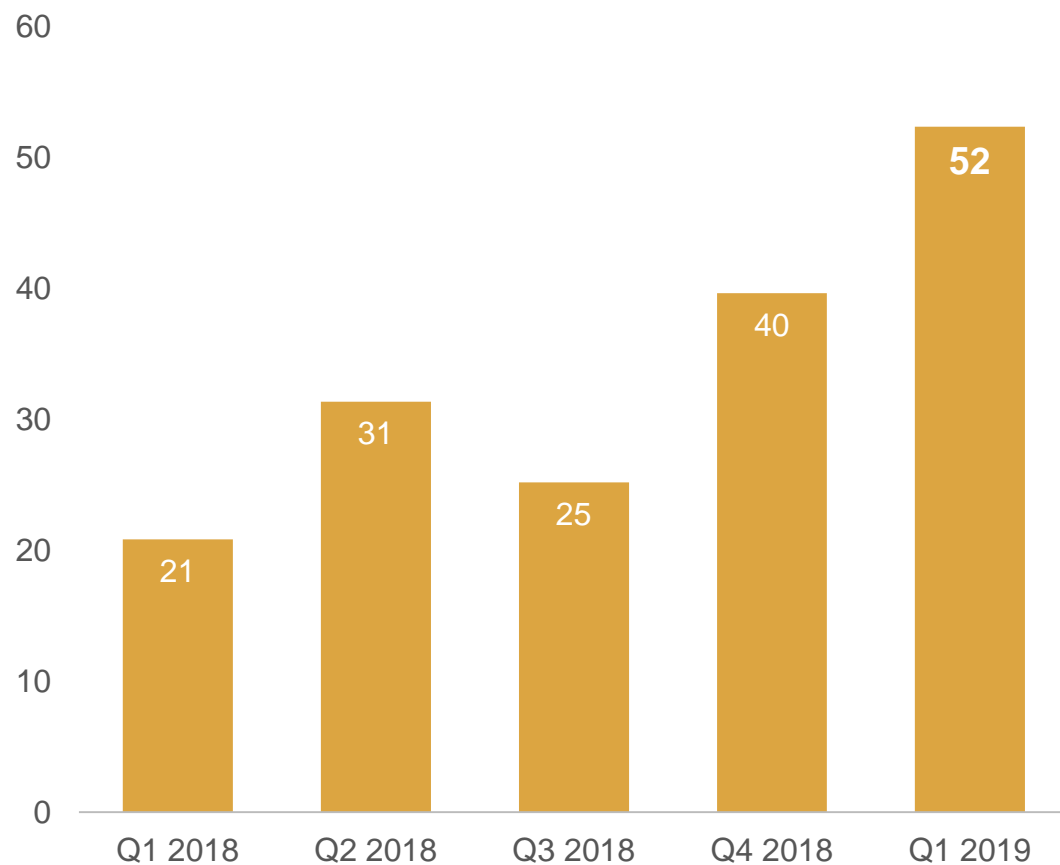


NPL portfolio

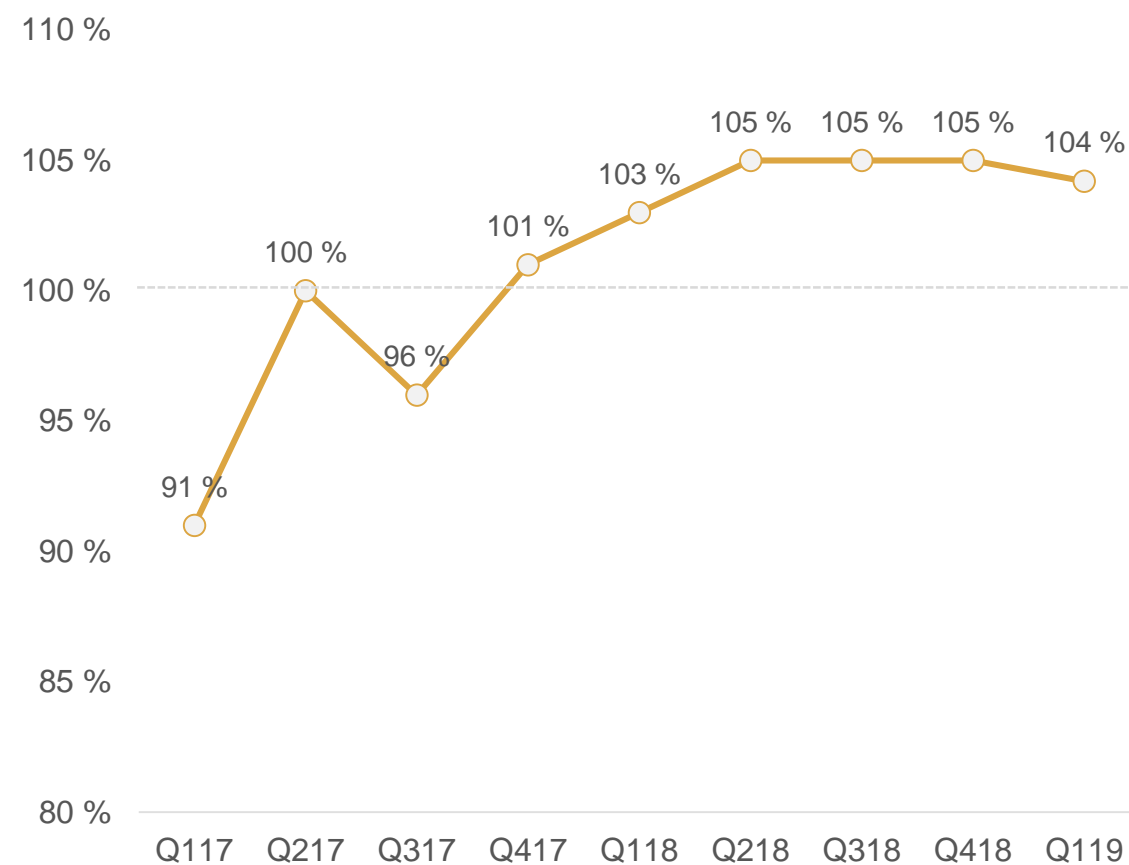
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Strong NPL growth – solid collection performance

NPL gross revenue development (EUR million)

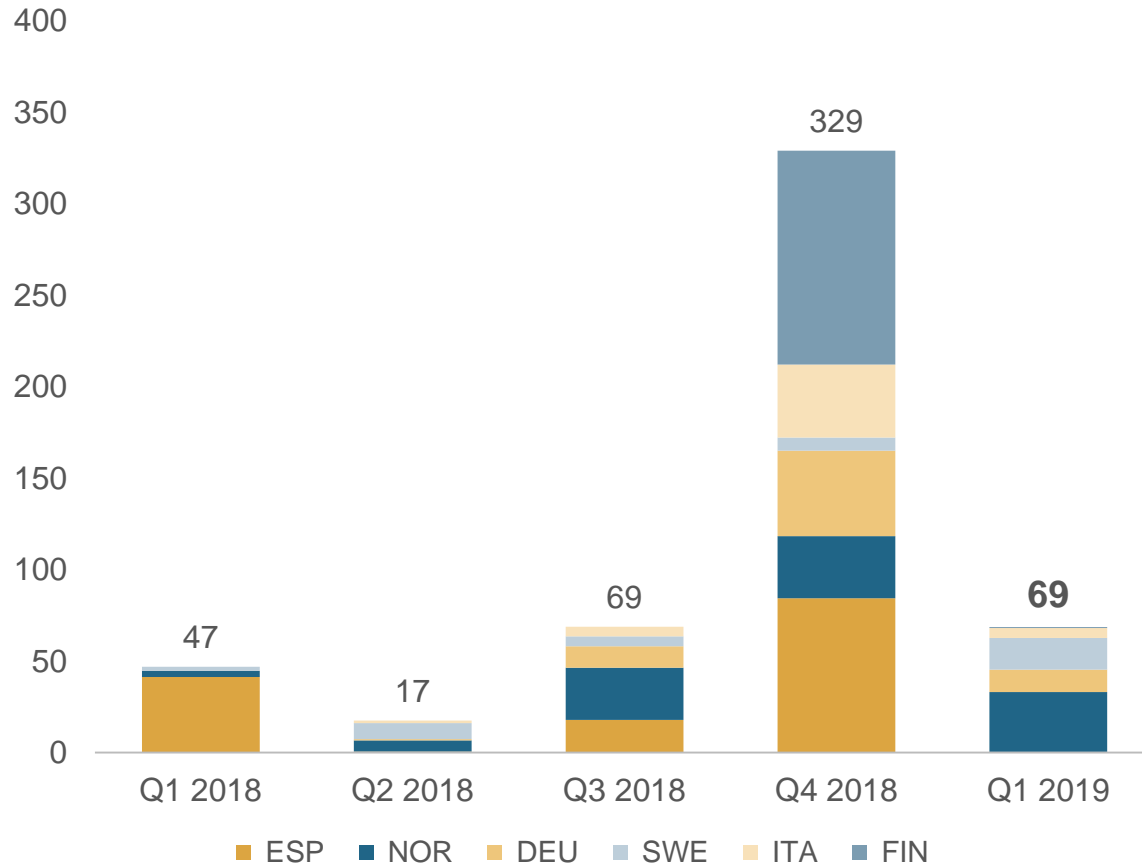


Actual collection vs. original business case (LTM, rolling)



NPL: Investments set to increase through 2019

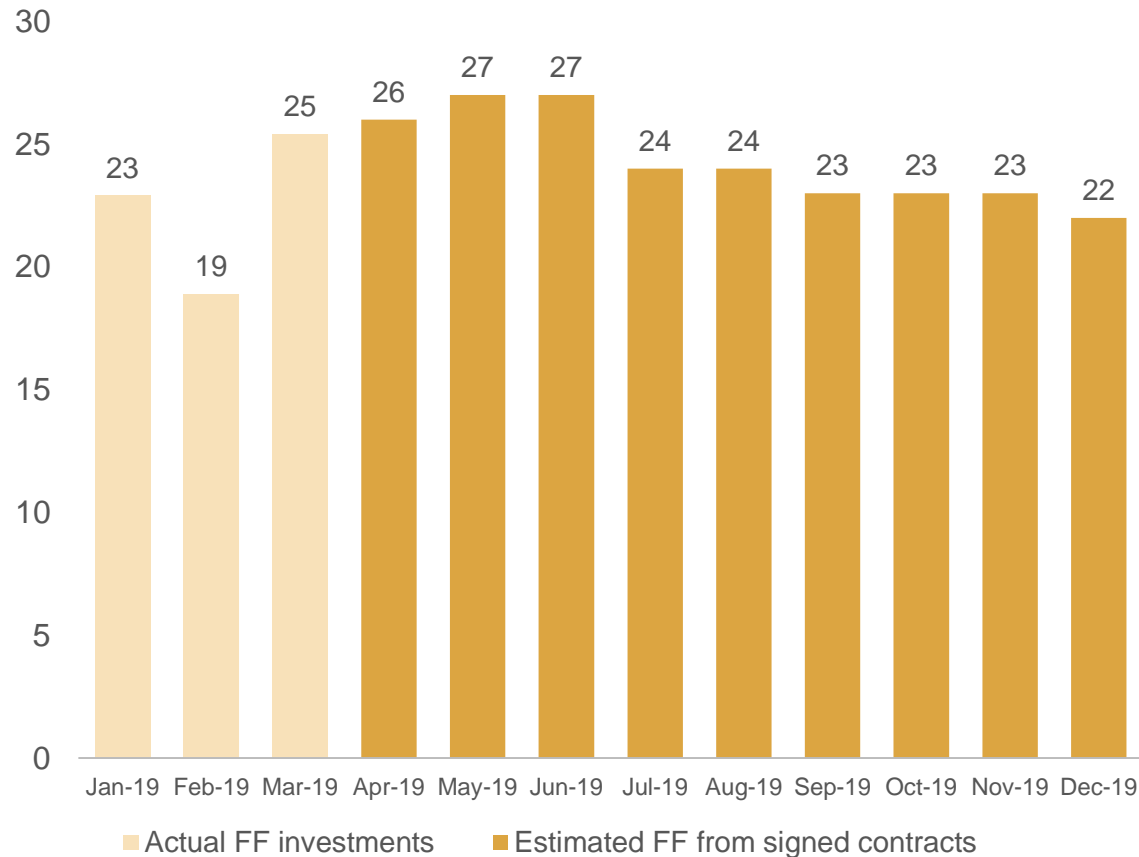
Quarterly NPL investments (EUR million)



- CAPEX deployment in several NPL forward flow contracts
- Acquired new Spanish NPL portfolio in April:
 - Outstanding balance of EUR 77m across 22,000 claims

NPL: Forward flow build-up

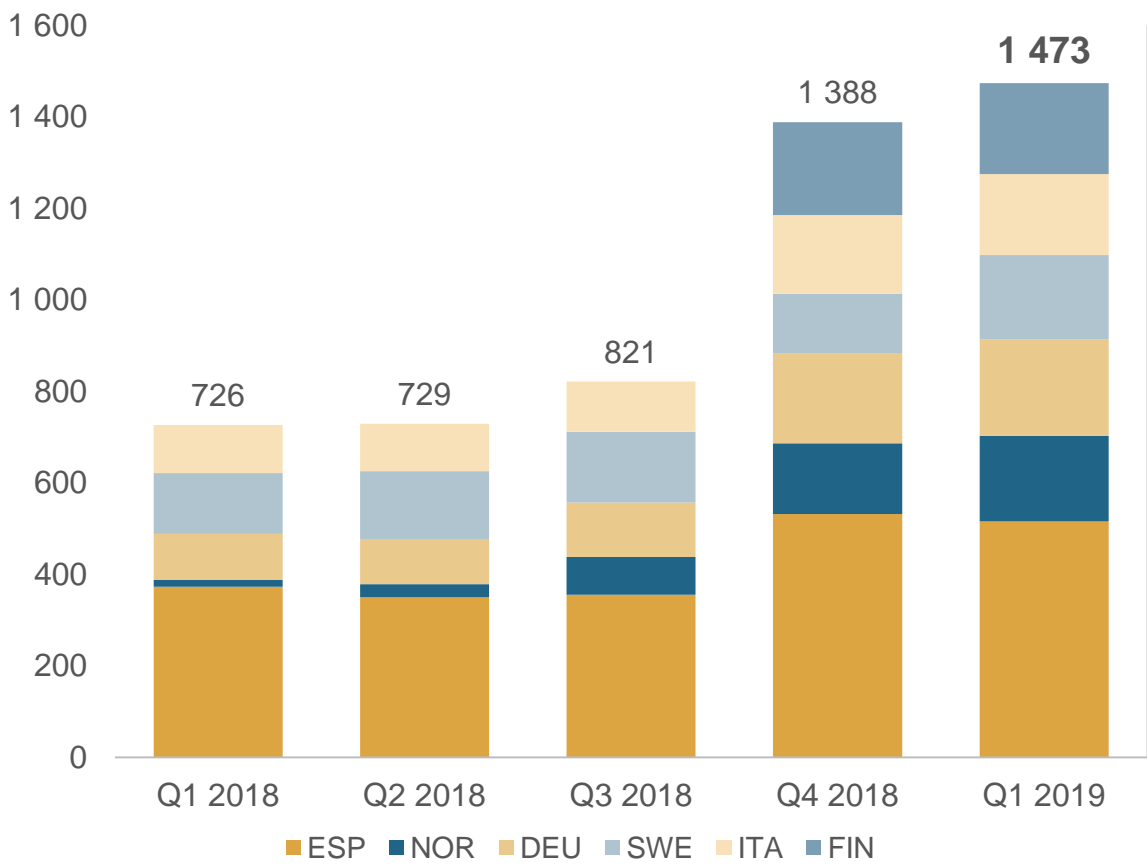
Estimated FF from signed contracts (EUR million)



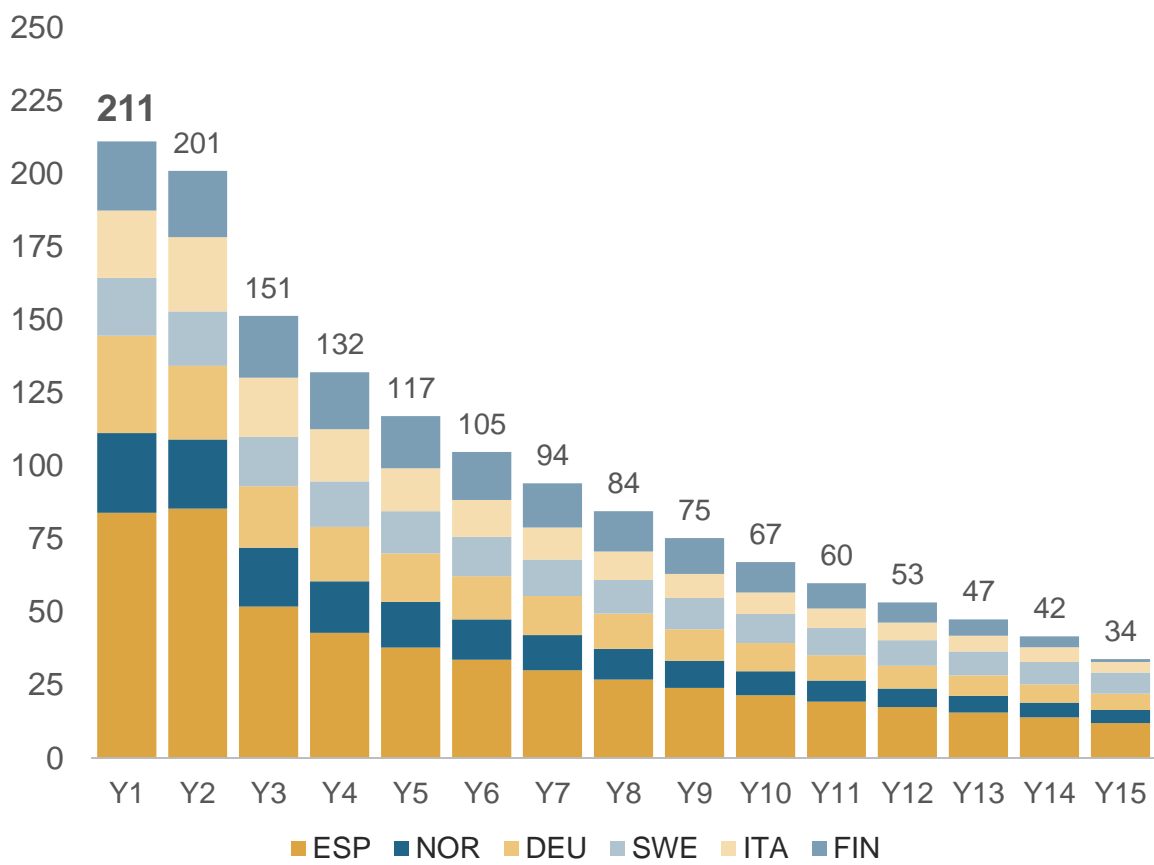
- Graph illustrates already contracted volumes
- Additional volumes (on top) from renegotiations/ renewals with improved IRRs
- Estimated forward flow volume of EUR 286m from signed contracts in 2019, of which EUR 219m remaining (rest of 2019)

NPL ERC: Growing and more diversified

ERC development (EUR million)



Forward ERC profile by year (EUR million)

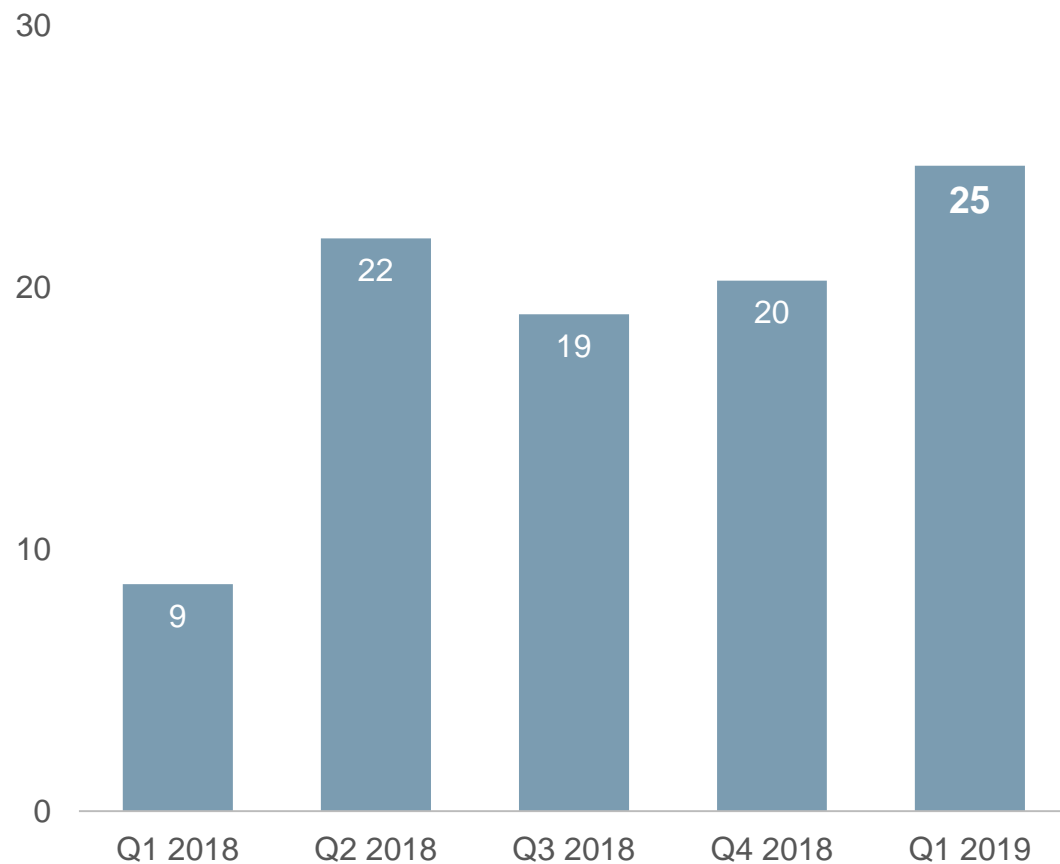


REO portfolio

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REO sales growth

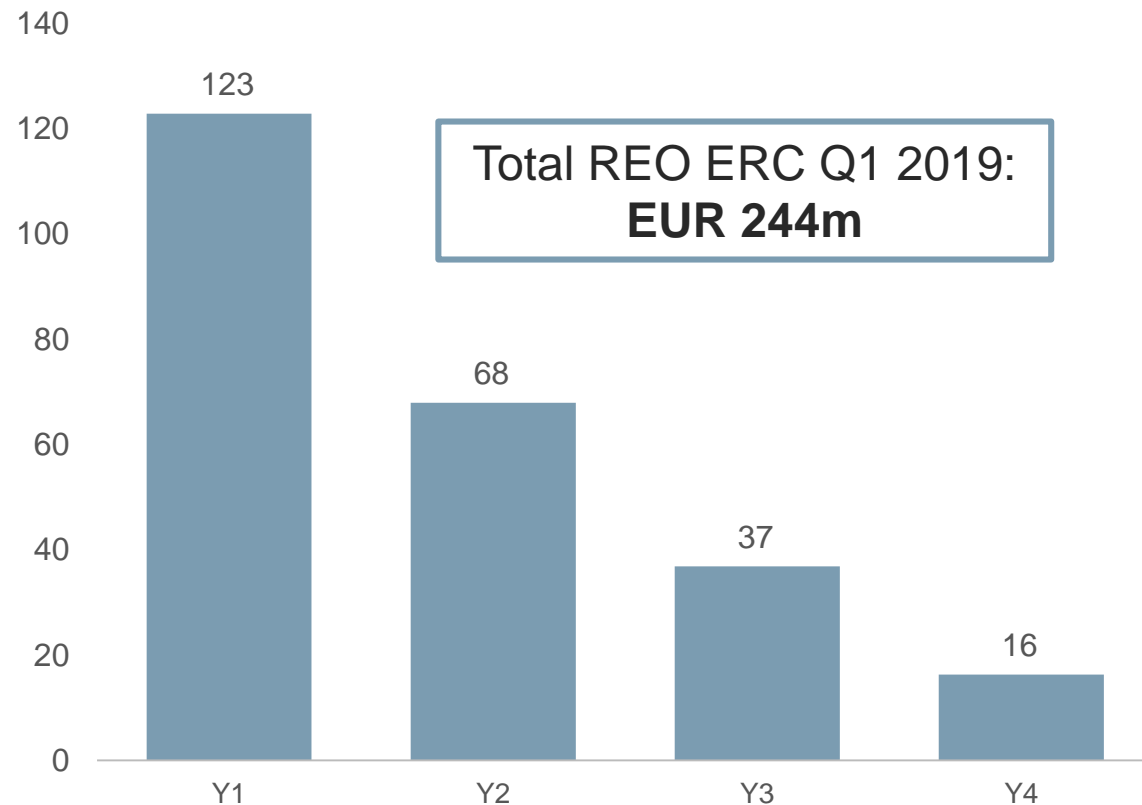
REO gross revenue development (EUR million)



- Q4 issues with notary & stamp costs resolved
- First small bulk sale closed in Q1
- Continued ramp-up of sales expected in Q2
- Margin prioritized over sales volume

REO ERC: Protecting margins – flatter sales curve

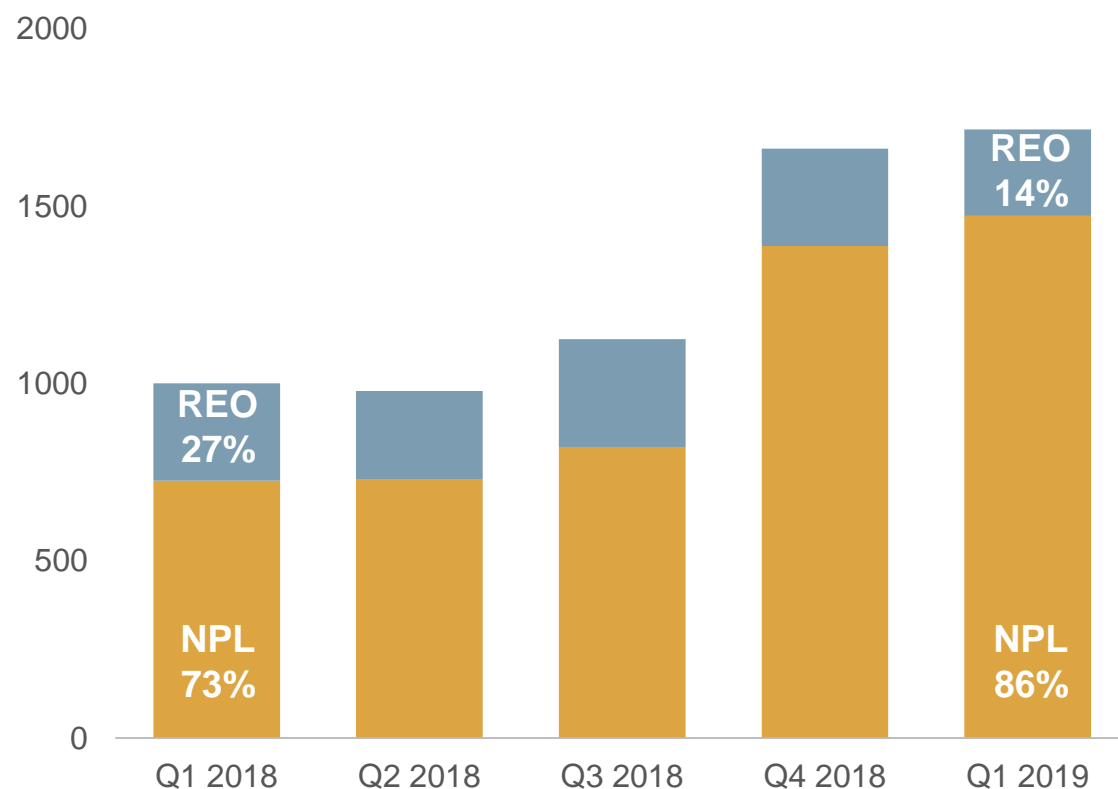
REO ERC per year (EUR million)



- REO sales of EUR 24.7m in Q1'19
 - 555 units at average price of EUR 44k
 - 5,773 units remaining in inventory
 - Good cash-flow
- Remaining ERC lowered by EUR 6m (2.5%)
 - Asset value largely intact. However, discounts slightly higher than business case
- Prioritizing margins over volumes
 - Expecting a flatter ERC curve going forward

The REO exposure will be quickly reduced going forward

ERC by segment



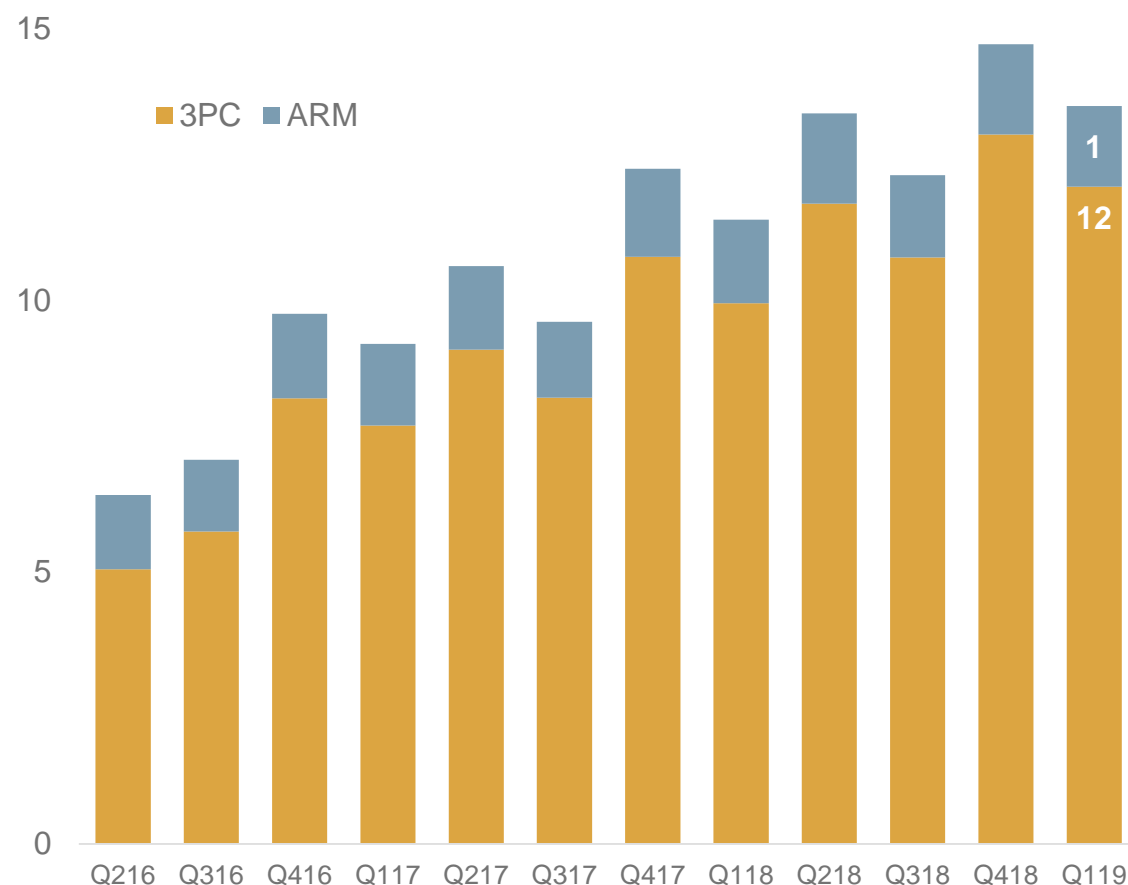
- No new REO portfolio acquisitions
- Current REO portfolio to be halved over next 12 months
- Investments in NPL will reduce the share of REO ERC further in 2019

3PC & ARM

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Growing the platform business

Gross revenue (EUR million)



- 3PC sales up 22% y/y
 - Collection platforms established in all six markets
 - Product synergies in terms of business origination, collection execution and data generation
 - Customer relationships with leading financial institutions, including nine of the top 10 Spanish banks
 - Increasing contribution of cash rich and capital light earnings for reinvestments
- ARM platform to be rolled out to more markets

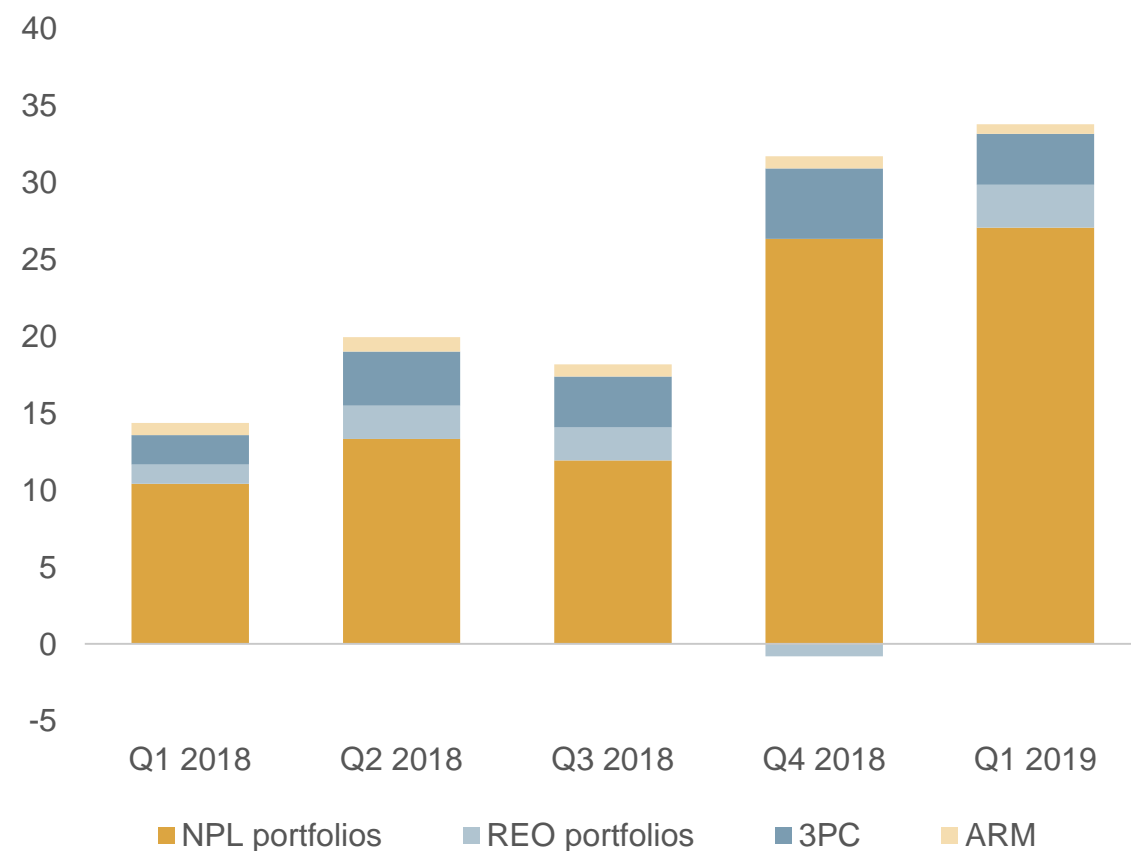
Financials

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Contribution per segment

Contribution per segment (EUR million)

Excluding unallocated overhead cost

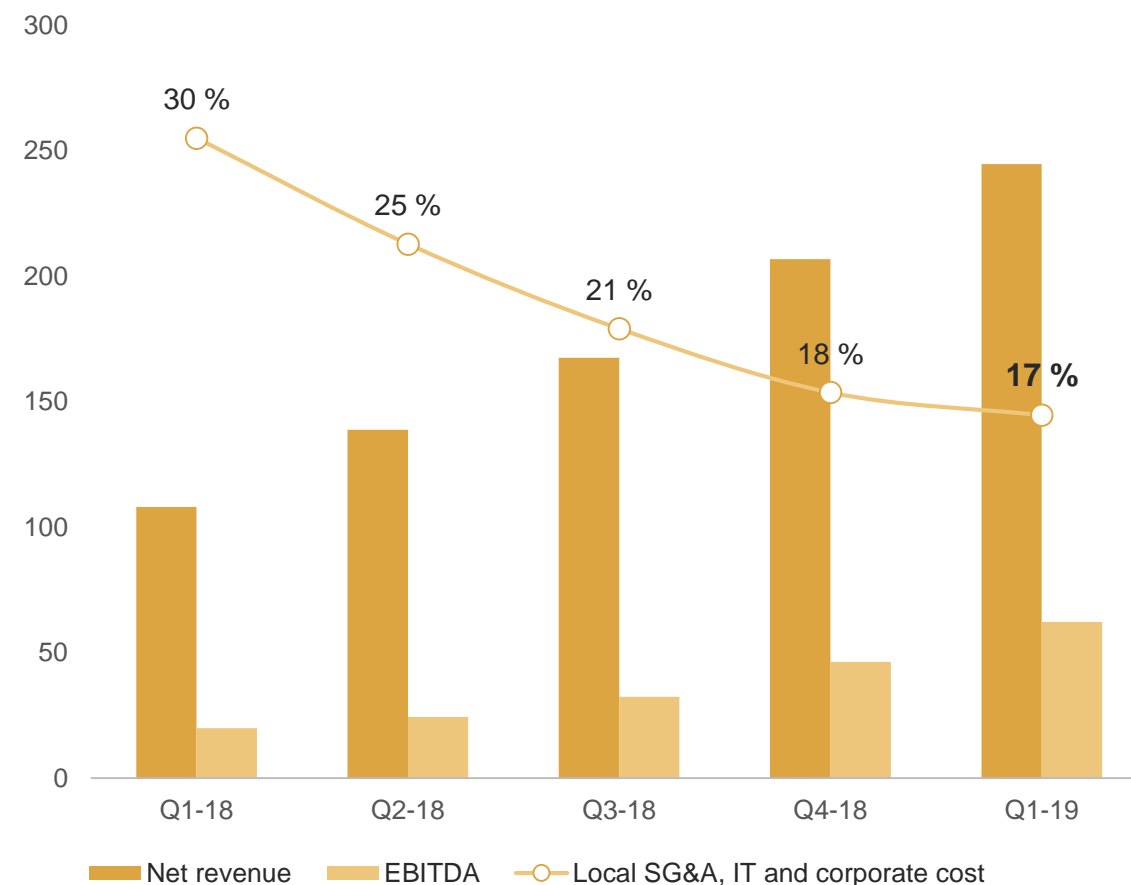


- NPL: Continued contribution growth
 - 77% contribution margin of net revenue
- REO: Return to profitability
 - 11% contribution margin in Q1'19 vs. -4% in Q4'18
- 3PC: Steady y/y improvement – normal seasonality
 - 27% contribution margin
- ARM: Marginal changes
 - 42% contribution margin

Cost efficiency increasing with scale

- One Axactor - Clear strategy with focus on streamlined organization secures scalable platform
- Standardization reduces costs and improves cross-border cooperation
- Expect to leverage scale benefits further over the coming years

Revenue, Local SG&A, IT and Corporate costs, LTM



Net finance, tax and net profits

Condensed Income statement

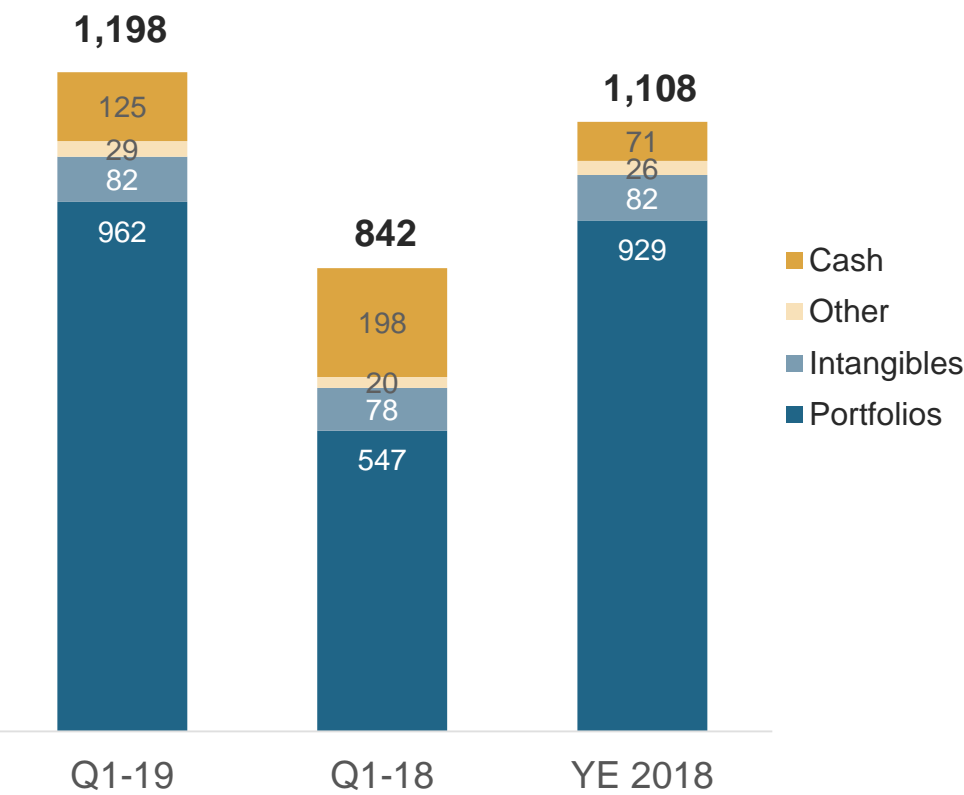
EUR thousand	For the quarter end/YTD		Full year 2018
	31 Mar 2019	31 Mar 2018	
EBIT	19,875	4,757	40,298
Financial revenue	16	91	453
Financial expenses	-11,919	-5,541	-34,591
Net financial items	-11,903	-5,450	-34,138
Profit/(loss) before tax	7,972	-693	6,160
Tax (expense)	-3,348	-303	-3,770
Net profit/(loss) after tax	4,624	-996	2,390
Net profit/(loss) to Non-controlling interests	2,584	425	-2,103
Net profit/(loss) to equity holders	2,040	-1,421	4,492
Earnings per share: basic	0.013	-0.001	0.029
Earnings per share: diluted	0.012	-0.001	0.026

Key comments

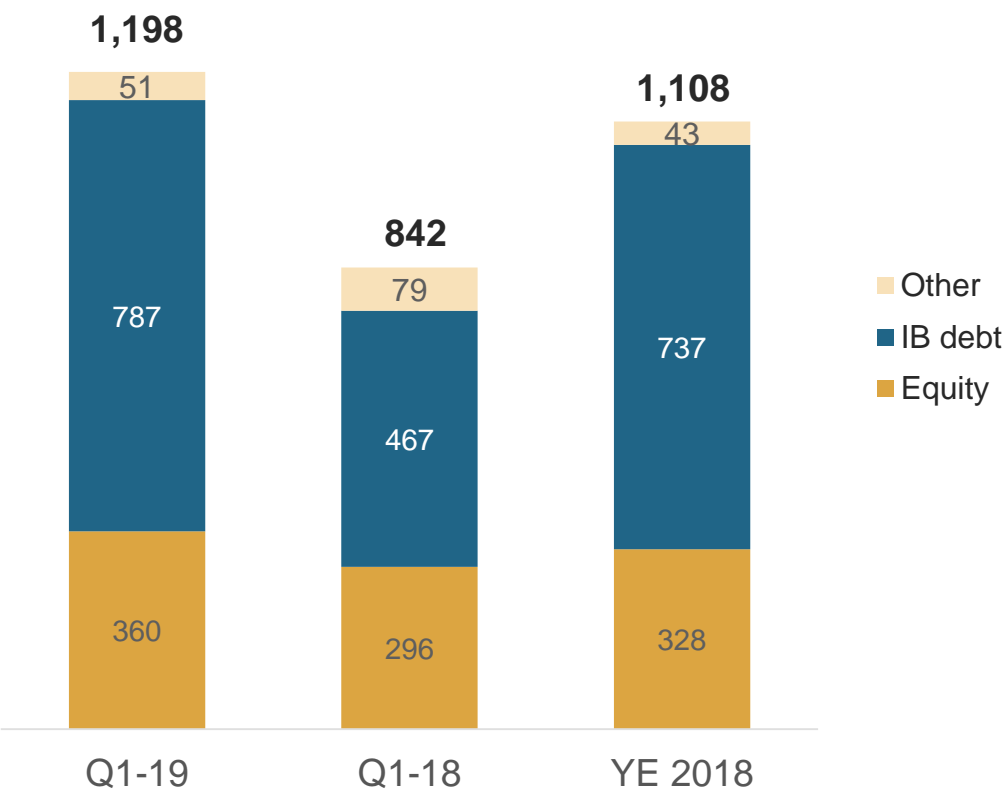
- Total net financial cost of EUR 11.9m
 - Interest cost of EUR 10.9m, of which EUR 1.5m amortized loan fees
 - Average blended interest costs of 5.0%
 - Negative net FX impact of EUR 0.4m
- Tax expense of EUR 3.3m
 - 42% effective tax rate
 - Some entities not yet in position to recognize tax losses
- Net profit of EUR 4.6m
 - EUR 2.0m to equity shareholders
 - EUR 2.6m to non-controlling minorities

Balance sheet structure

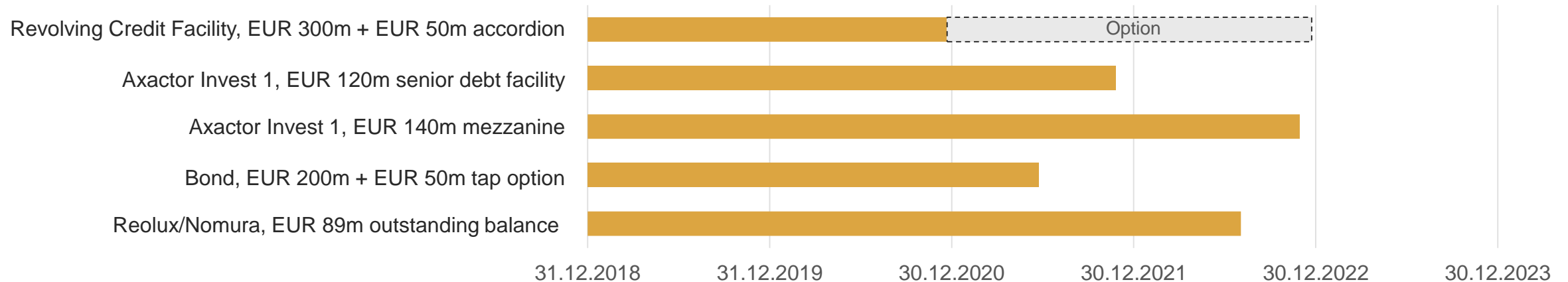
Assets (EUR million)



Equity & Liabilities (EUR million)



Debt maturity profile



- Net interest bearing debt of EUR 667 million
- EUR 100m released of accordion option with Nordic banks in February, EUR 50m remaining
- EUR 50m bond tap option executed in March, EUR 50m remaining
- EUR 15m equity injection and EUR 20m new mezzanine loan from Geveran to Axactor Invest 1 in April
- Axactor 1 will reinvest running cash flow

Summary & Outlook

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Q1 Summary

- Solid financial performance in Q1
- 22% y/y growth in 3PC
- Continued strong collection performance
- Growth in REO sales and profitability
- Improved financial capacity
- Continuing to drive efficiency and cost improvement through 'One Axactor'
 - Finland integration on track



Outlook

- Attractive NPL market – increasing IRRs
- Increased NPL capex guiding (EUR 400-450m)
- Expect continued growth in the 3PC market
- Continued profitable growth and margin expansion



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Appendix

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P&L statement

EUR thousand	Note	For the quarter end/YTD		Full year 2018
		31 Mar 2019	31 Mar 2018	
Interest income from purchased loan portfolios	6	28,989	17,442	74,536
Net gain/loss purchased loan portfolios	6	6,371	-1,802	10,599
Other operating revenue		38,289	20,160	121,774
Total Revenue	3,4	73,649	35,800	206,909
Cost of REO's sold	7	-19,302	-6,123	-54,491
Personnel expenses operations		-9,433	-8,086	-32,585
Personnel expenses other		-6,102	-5,274	-19,548
Operating expenses		-16,671	-10,219	-53,978
Total operating expense		-51,508	-29,702	-160,602
EBITDA		22,140	6,097	46,306
Amortization and depreciation		-2,266	-1,341	-6,009
EBIT		19,875	4,757	40,298
Financial revenue	5	16	91	453
Financial expenses	5	-11,919	-5,541	-34,591
Net financial items		-11,903	-5,450	-34,138
Profit/(loss) before tax		7,972	-693	6,160
Tax (expense)		-3,348	-303	-3,770
Net profit/(loss) after tax		4,624	-996	2,390
Net profit/(loss) to Non-controlling interests	5	2,584	425	-2,103
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Earnings per share: basic		0.013	-0.001	0.029
Earnings per share: diluted		0.012	-0.001	0.026

Balance sheet statement

EUR thousand	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS				
<i>Intangible non-current assets</i>				
Intangible Assets		18,992	18,522	19,170
Goodwill		56,281	54,260	55,577
Deferred tax assets		6,852	5,186	7,564
<i>Tangible non-current assets</i>				
Property, plant and equipment		2,851	2,491	2,683
Right-of-use assets	9	5,874	0	0
<i>Financial non-current assets</i>				
Purchased debt portfolios	6	781,361	353,969	728,820
Other non-current receivables		294	843	293
Other non-current investments		778	170	778
Total non-current assets		873,283	435,441	814,885
<i>Current assets</i>				
Stock of Secured Assets	7	181,121	192,694	200,009
Accounts Receivable		8,931	7,817	9,459
Other current assets		9,832	8,311	12,774
Restricted cash		5,309	1,825	3,184
Cash and Cash Equivalents		119,887	195,907	67,593
Total current assets		325,080	406,554	293,018
TOTAL ASSETS		1,198,363	841,995	1,107,903

EUR thousand	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
EQUITY AND LIABILITIES				
<i>Equity attributable to equity holders of the parent</i>				
Share Capital		81,115	79,377	81,115
Other paid-in equity		200,485	196,946	200,298
Retained Earnings		-12,132	-20,142	-14,172
Reserves		-1,675	-384	-2,817
Non-controlling interests		92,605	40,077	63,746
Total Equity		360,398	295,873	328,170
<i>Non-current Liabilities</i>				
Interest bearing debt	8	579,436	432,303	567,829
Deferred tax liabilities		10,925	5,670	11,124
Lease liabilities	9	3,641	0	0
Other non-current liabilities		991	3,072	1,180
Total non-current liabilities		594,992	441,045	580,132
<i>Current Liabilities</i>				
Accounts Payable		4,046	3,504	4,522
Current portion of interest bearing debt	8	207,572	34,660	169,296
Taxes Payable		5,076	1,862	1,610
Lease liabilities	9	2,253	0	0
Other current liabilities		24,026	65,050	24,172
Total current liabilities		242,973	105,076	199,600
Total Liabilities		837,964	546,121	779,732
TOTAL EQUITY AND LIABILITIES		1,198,363	841,995	1,107,903

Legal organization April 2019

