



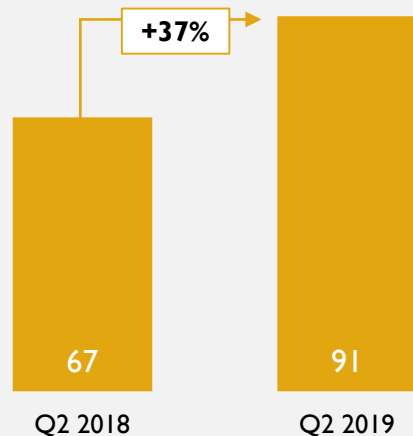
AXACTOR

Q2 2019 presentation

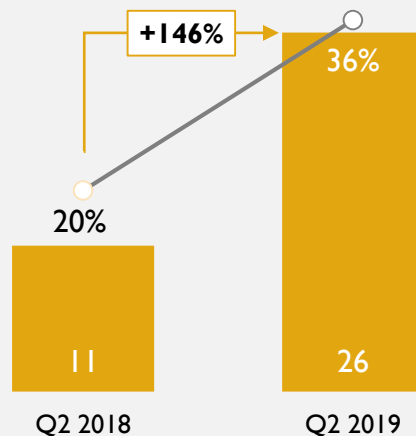
24 July, 2019

Q2 2019 - Key highlights

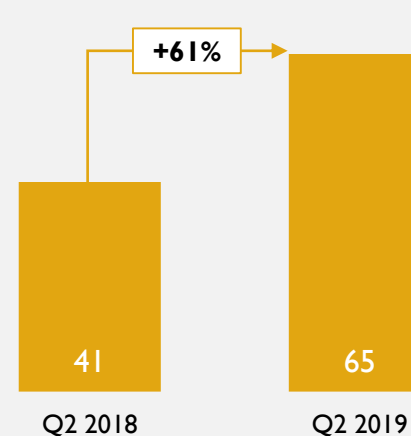
Gross revenue
(EUR million)



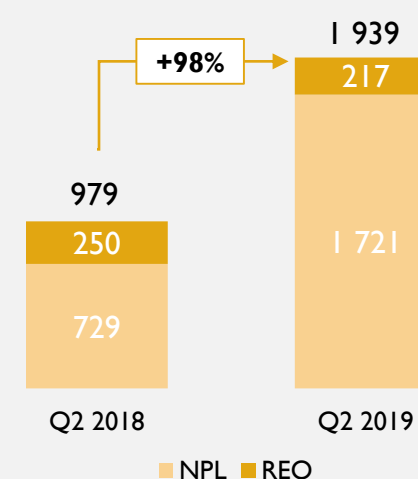
EBITDA and margin
(EUR million and %)



Cash EBITDA
(EUR million)



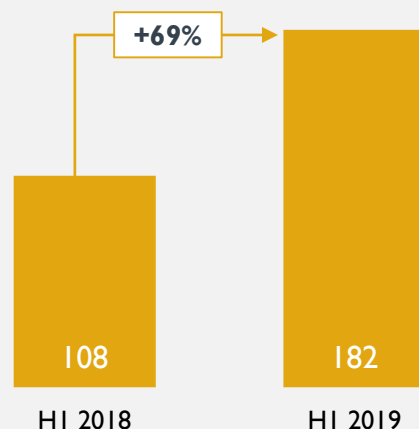
ERC
(EUR million)



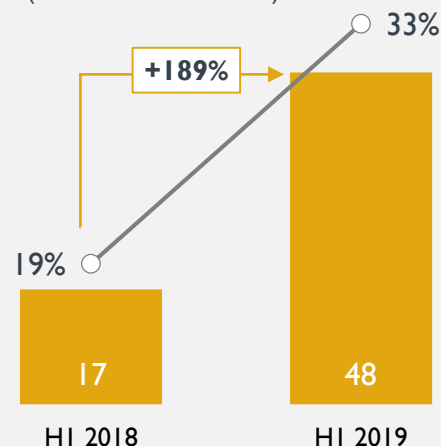
- Continued strong margin expansion – more than doubling of EBITDA
- Earnings before tax of EUR 10 million
- Strong and profitable growth for the 3PC business
- Additional EUR 85 million funding released in Q2
- EUR 149 million invested in NPL Portfolios in Q2

First half 2019 - Key highlights

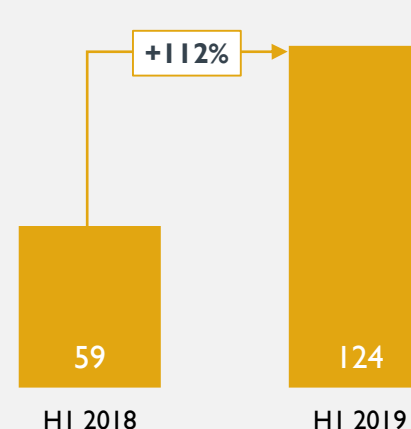
Gross revenue
(EUR million)



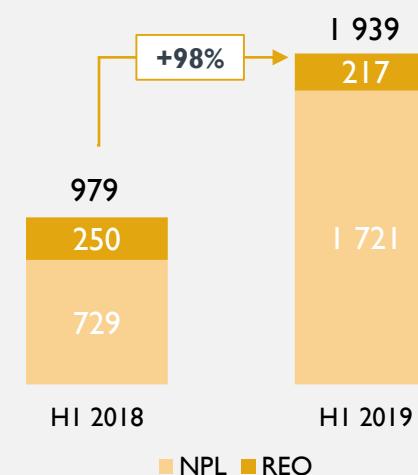
EBITDA and margin
(EUR million and %)



Cash EBITDA
(EUR million)



ERC
(EUR million)



- Significant revenue growth and strong margin increase
- Earnings before tax of EUR 18 million, up from zero in the first half 2018
- Book value of NPL portfolios up more than 150% from June 2018
- Additional EUR 235 million funding released during first half 2019
- Capex of EUR 218 million invested in NPL portfolios – reiterating the EUR 400-450 million 2019 Capex level

Attractive market development

- EUR 149m of NPL Portfolio acquisitions in Q2
- Attractive opportunities in all Axactor markets – trading at solid IRRs
- Forward flow agreements renegotiated on more favourable terms - or cancelled
- New forward flow clients expected to come onboard on healthy terms in Q3
- 3PC market becoming more active – part of Axactor total value proposition



Three key enablers of value creation

ONEAXACTOR



People

Attract and retain high quality employees



Systems

Standardize systems across collection platforms - driving low cost base, high efficiency and *no legacy*

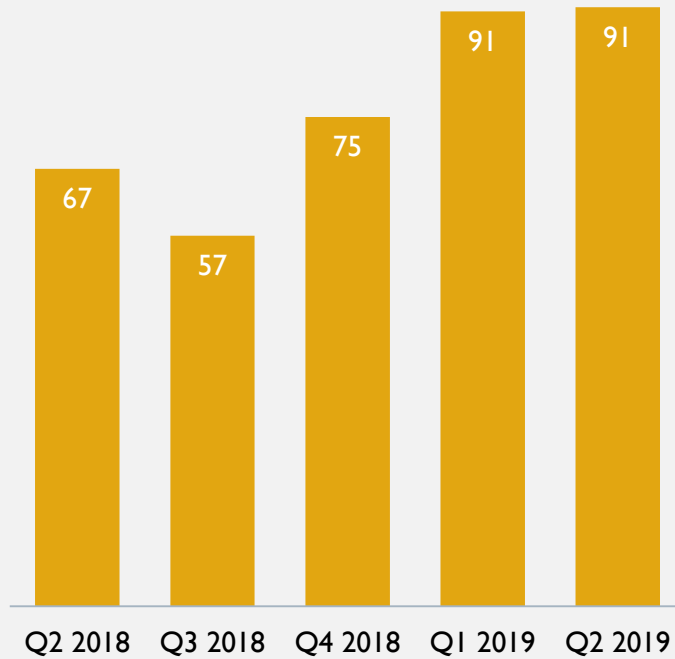


Funding

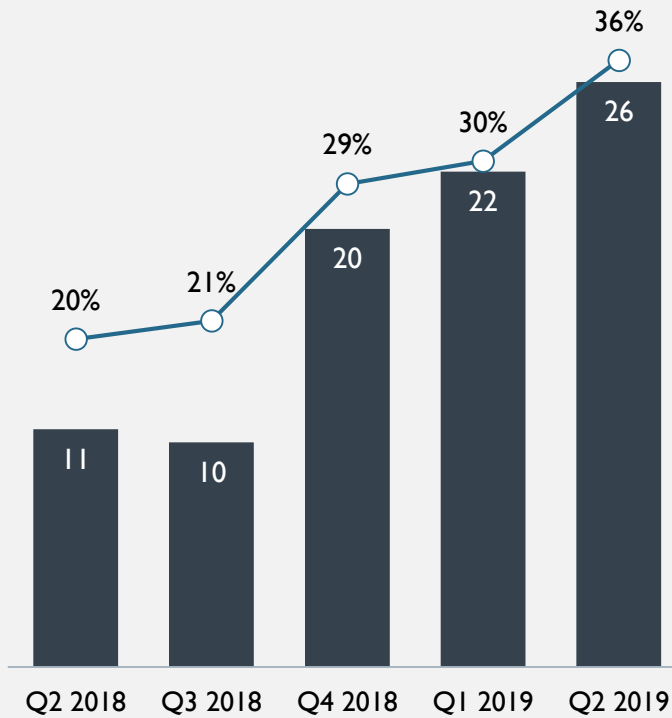
Secure diverse, competitive financing and attractive co-investments

Revenue growth and margin improvement

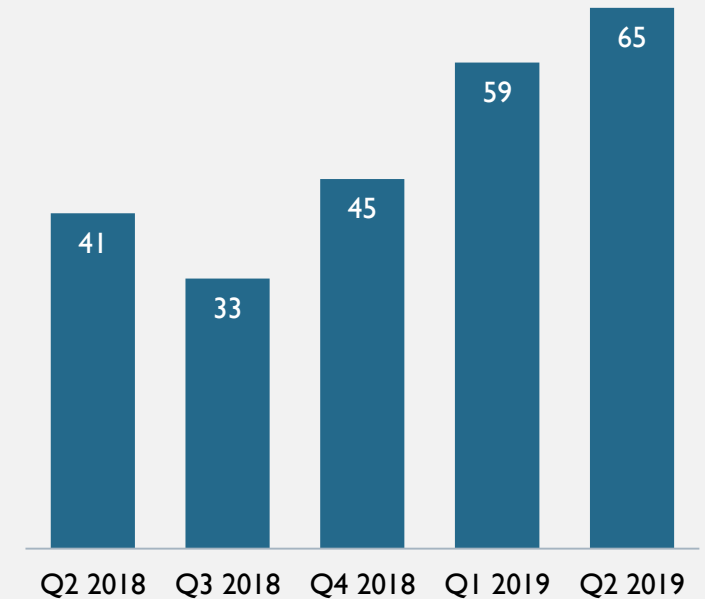
Gross revenue development
(EUR million)



EBITDA and EBITDA-margin
(EUR million and %)

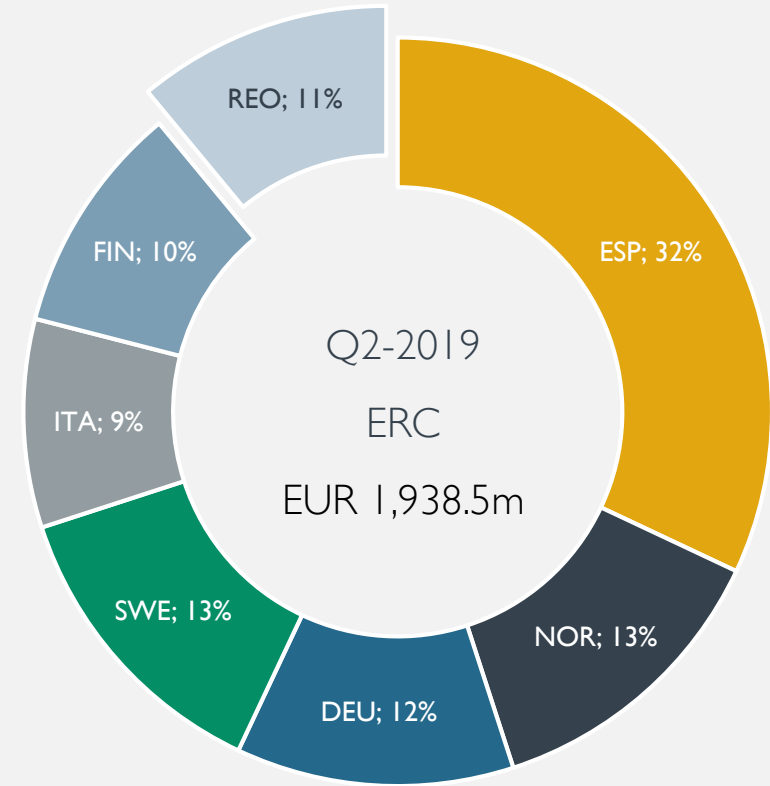
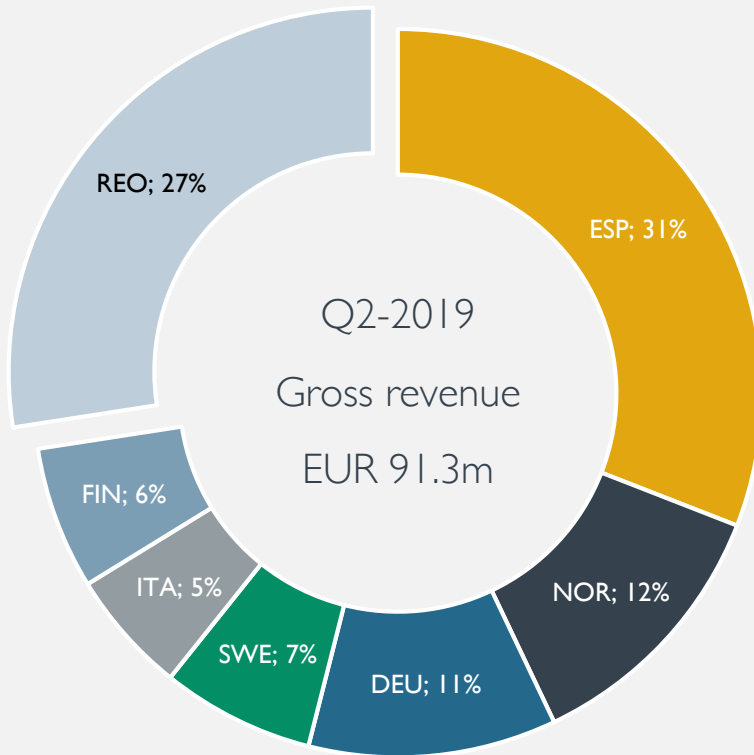


Cash EBITDA
(EUR million)



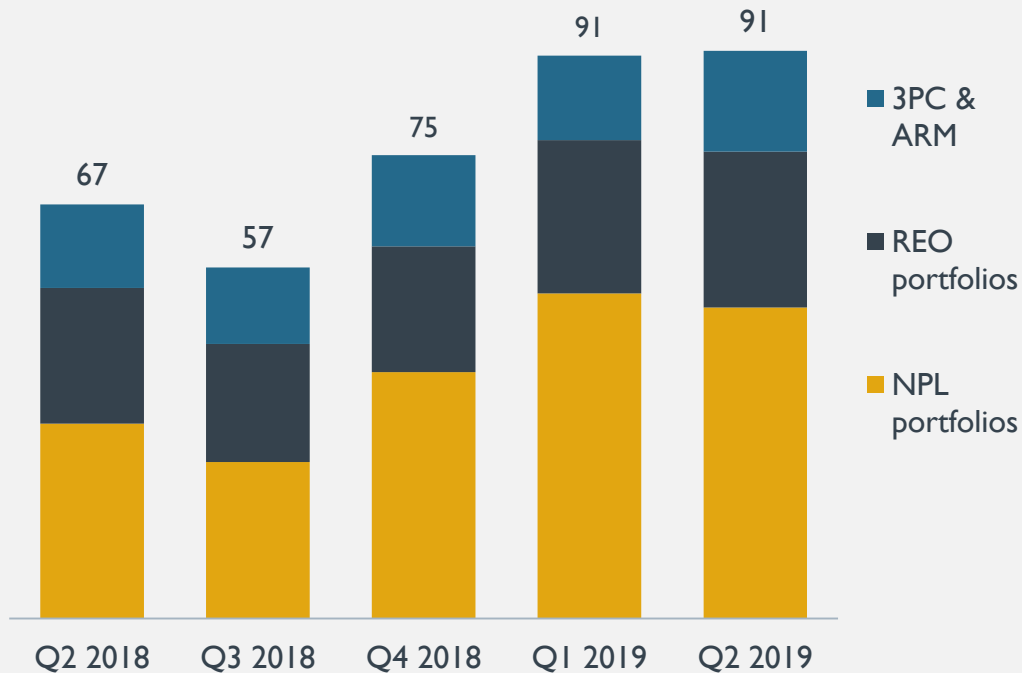
Balancing the geographical footprint

REO portion declining over time



Year-on-year growth in all areas

Gross revenue development
(EUR million)



- NPL collection up 60% from Q2'18
- 3PC up 19% from Q2'18
 - 3PC and ARM combined with effect from Q2'19, historic figures restated
- REO sales up 14% from Q2'18

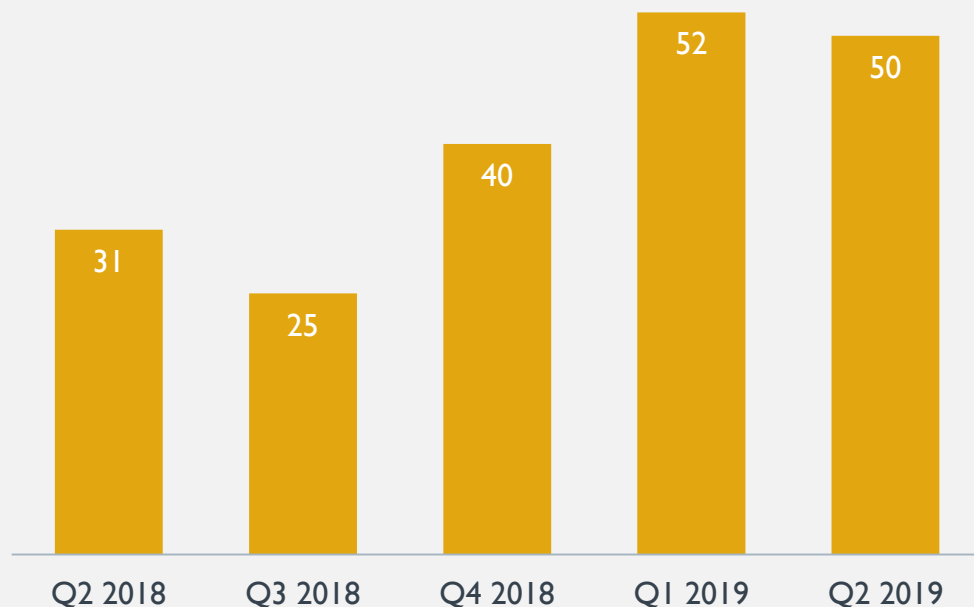


NPL portfolio

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NPL – Slight Q2/Q1 decline - growth set to resume in Q3

NPL gross revenue development
(EUR million)



- Slight decline from Q1
 - Q1 revenue effect from one-off payments and strong initial collection on Axactor Invest I portfolios acquired in Q4'18
 - Negative Easter-effect in Q2 this year
- Sequential growth expected to resume in Q3

Continued solid collection performance

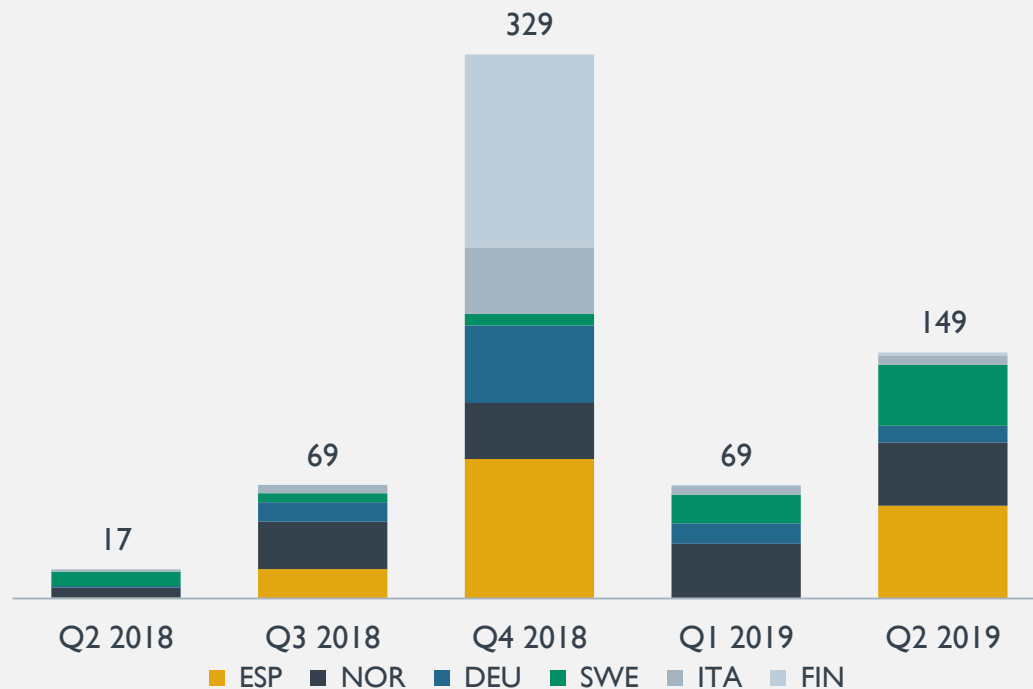
Actual collection vs. active forecast
(LTM, rolling)



- Changed reporting from 'business case' to 'active forecast' – in line with industry standards
- Active forecast reflects changes made to the ERC curves on an ongoing basis
- Active forecast is in line with the P&L reporting
 - Adjustments to portfolio values have been taken over the P&L on an ongoing basis as deviations have occurred

NPL: Investment uptick

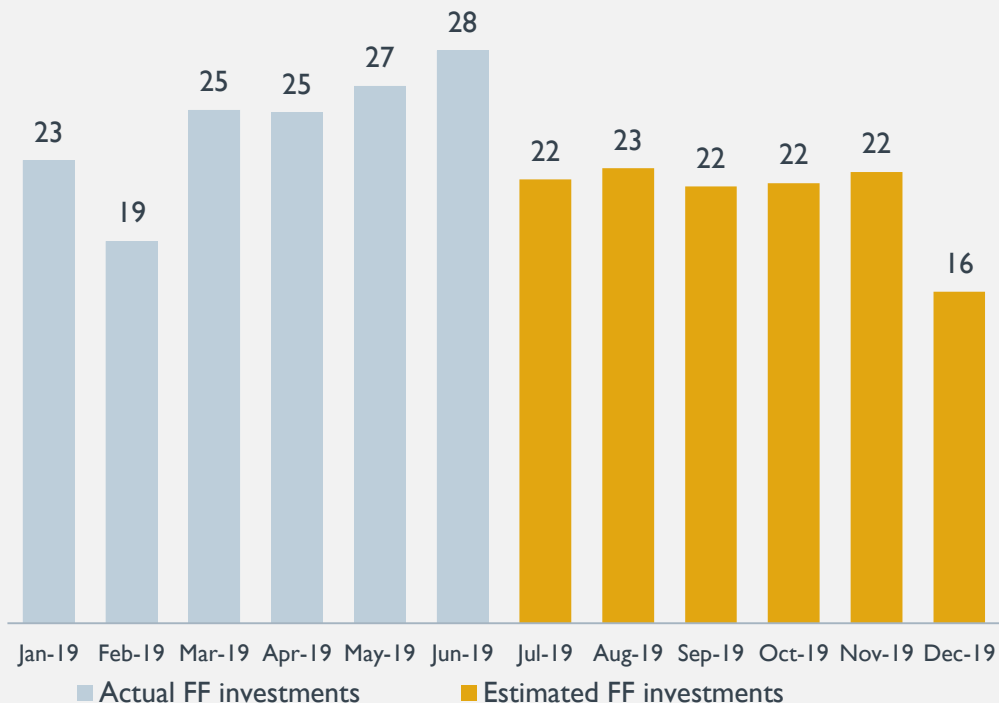
Quarterly NPL investments
(EUR million)



- Acquired several new portfolios in Q2:
 - Three Spanish NPL portfolios with combined outstanding balance of EUR 717m
 - Acquired one-off portfolio from existing forward flow client in Sweden, with principal value of EUR 26m
- Invested EUR 80m in forward flow volumes in Q2
 - New forward flow contracts coming in on improved terms

NPL: Forward flows

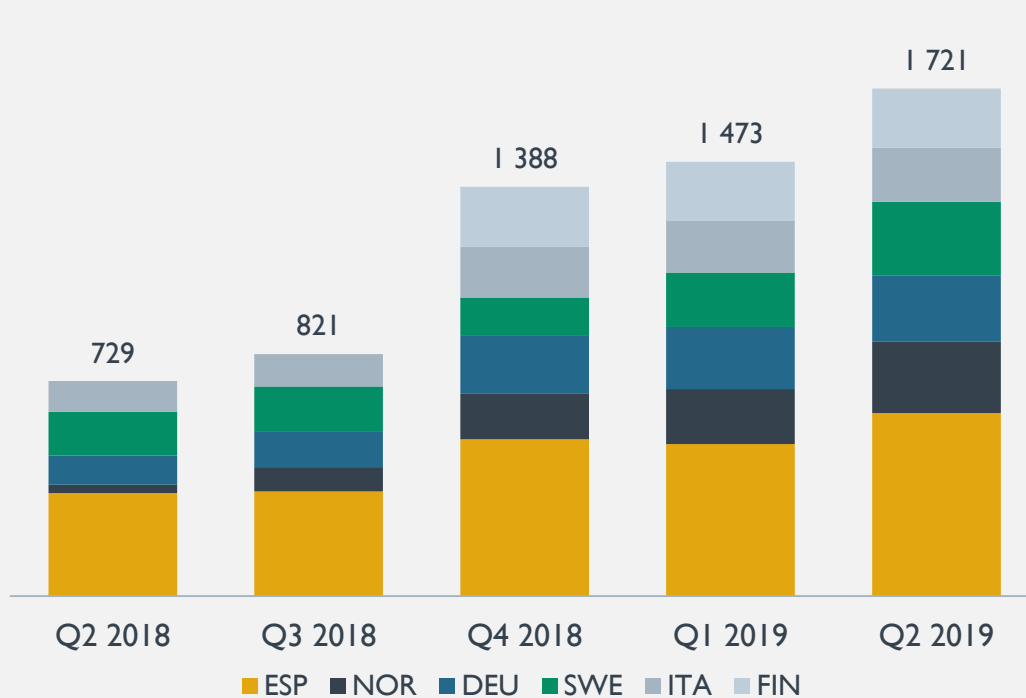
Estimated FF investments from signed contracts
(EUR million)



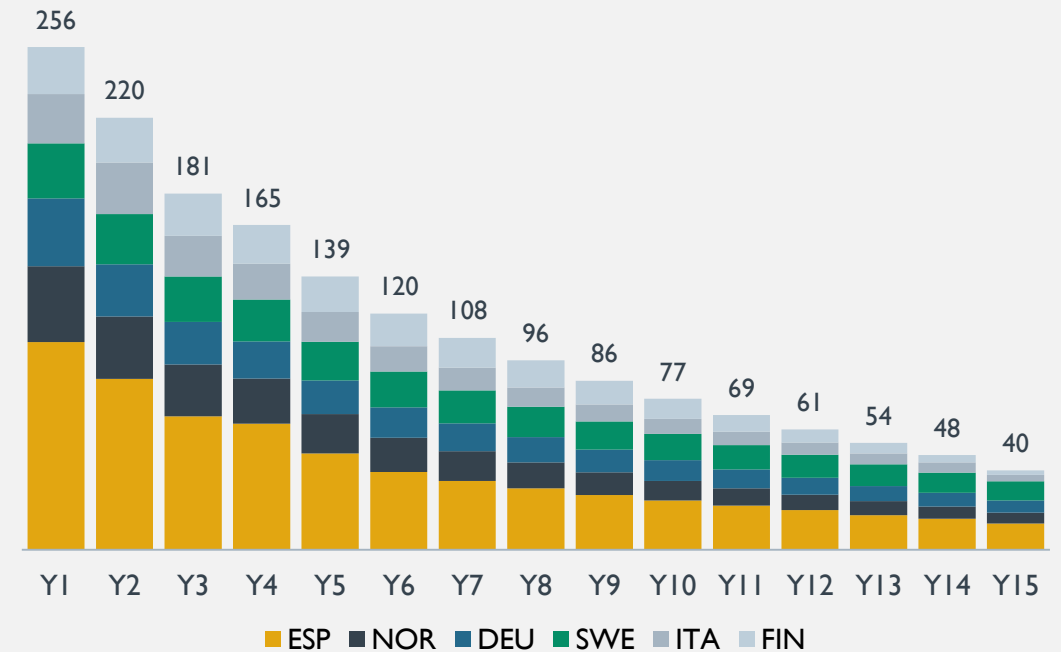
- Total estimated forward flow volume of EUR 274m from signed contracts in 2019, o/w EUR 127m in 2H'19
- More selective approach given the upwards trend in IRRs
 - Contracts are renegotiated or discontinued at expiry date. Expect to see contracts with new clients coming in on improved terms
 - Prioritizing new 3PC clients to capture synergies

NPL: Increasing and balanced portfolio

ERC development
(EUR million)



Forward ERC profile by year
(EUR million)



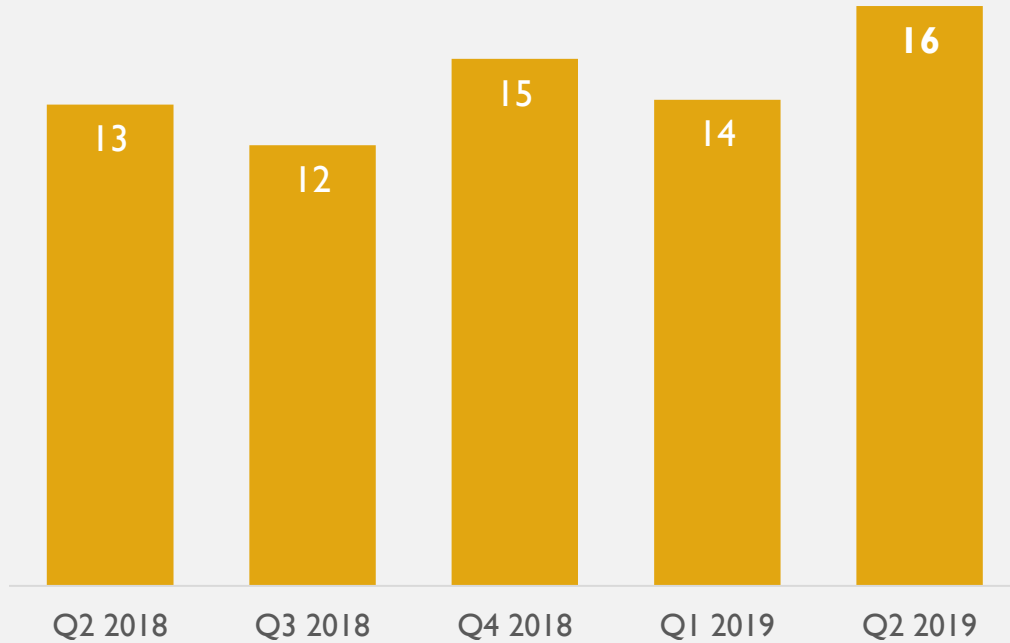


3PC

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Growing the third-party collection business

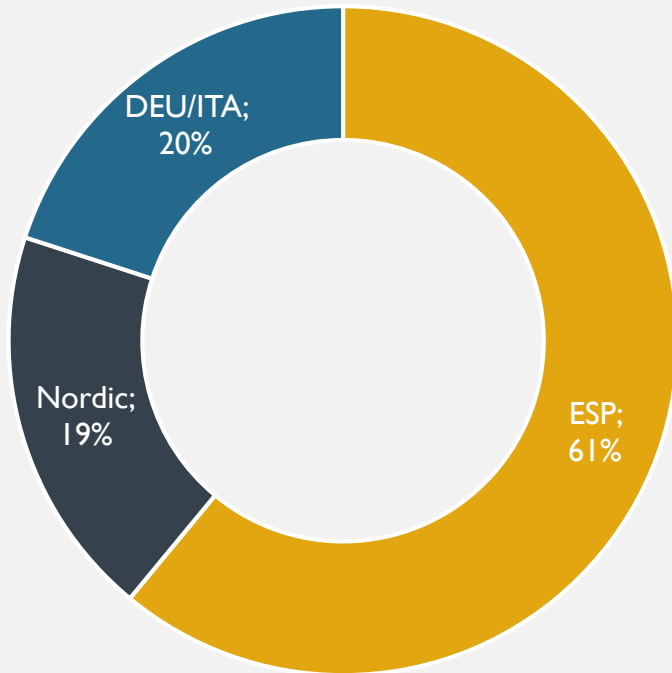
Gross revenue 3PC
(EUR million)



- 3PC & ARM sales up 19% y/y
 - 3PC platforms established in all six markets – ARM gradually being rolled out in more markets
- Increasing synergies with the NPL business
 - Product synergies in business origination, collection execution and data generation

Strengthening the Nordic 3PC business

3PC revenue split by geographic region



- The finance sector accounts for three quarters of the 3PC revenue
- Strong position in Spain
 - 9 of the top 10 banks as clients
- Sharpening the focus on the Nordic bank/finance market
 - Synergies to be extracted from cross-border deals
 - Signed one new banking client in Sweden, pipeline for new contracts in Norway and Finland
 - Seeking combined 3PC and forward flow deals to improve collection performance and profitability

Standardization across markets generating scale benefits



Axactor Efficiency
Model 2.0 (Operations & IT)

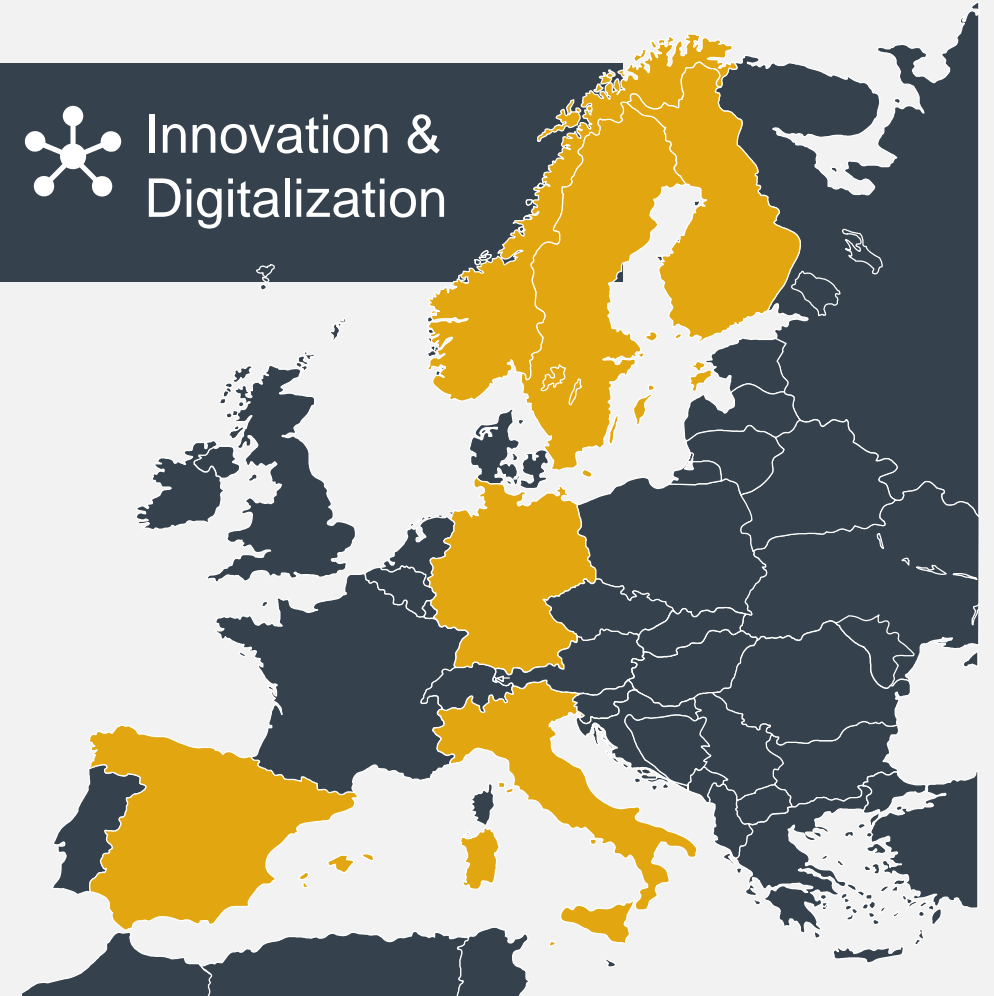


Client
Relationships



Innovation &
Digitalization

- New debtor portal launched in Spain and Italy, launch in remaining markets in Q3
- Standard dialer implemented in all markets with centralized traffic control team in Spain
- Investing in new data warehouses and business intelligence systems
- Benchmarking test to assess collection procedures in Italy
- Cost efficiency programs in Spain and Germany



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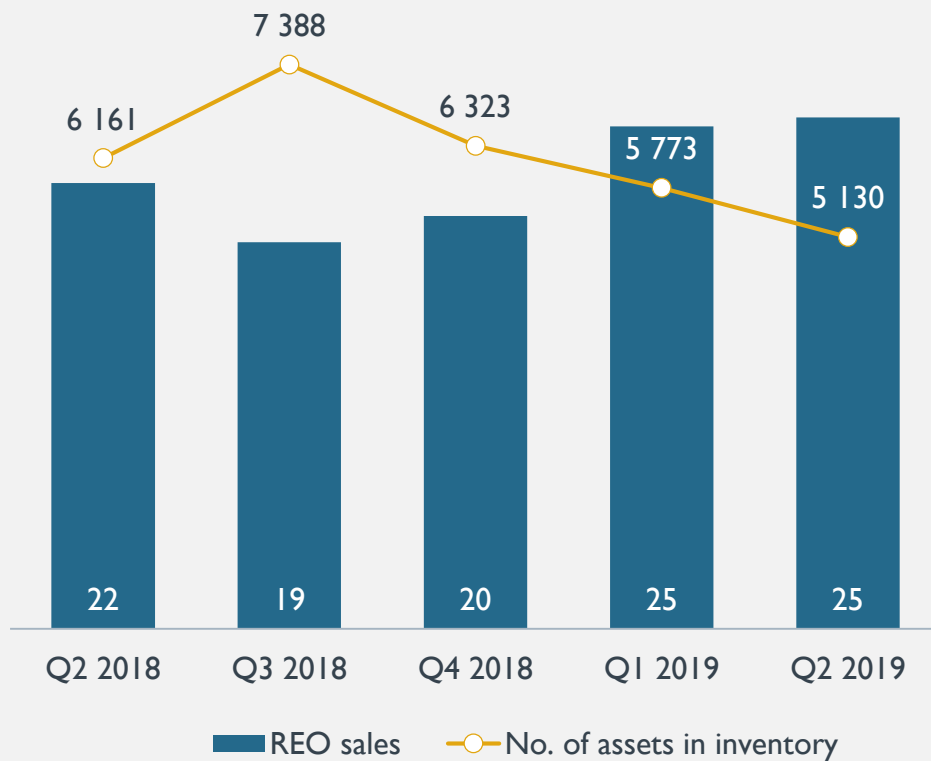


REO portfolio

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Stable REO sales on declining asset base

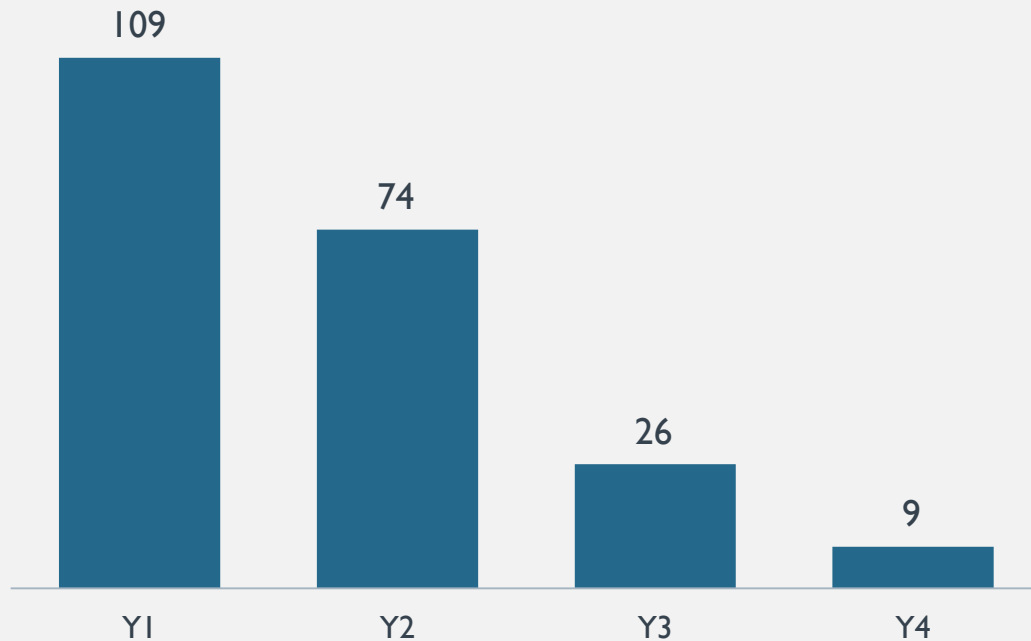
REO gross revenue development
(EUR million)



- Revenue +2% from Q1 - on a lower asset base
- Change in sales mix with more parking and storage spaces sold in Q2
 - No. of units sold: Up from 555 in Q1 to 657 in Q2
 - Average sales price declined from 44k to 38k
- Continuing to prioritize margins over volumes
 - Less focus on bulk sales, as individual sales carry higher margin

REO: Remaining ERC of EUR 217m per Q2

REO: ERC profile
(EUR million)



- Remaining ERC lowered by EUR 2m (~ 1%)
- 50% of the REO ERC is expected to be realized over the next 12 months
- REO represents 11% of Group ERC, and declines rapidly
- Axactor has approximately 40% of the total exposure
 - Minority shareholders in both Reolux and its subsidiaries
- No new REO investments going forward

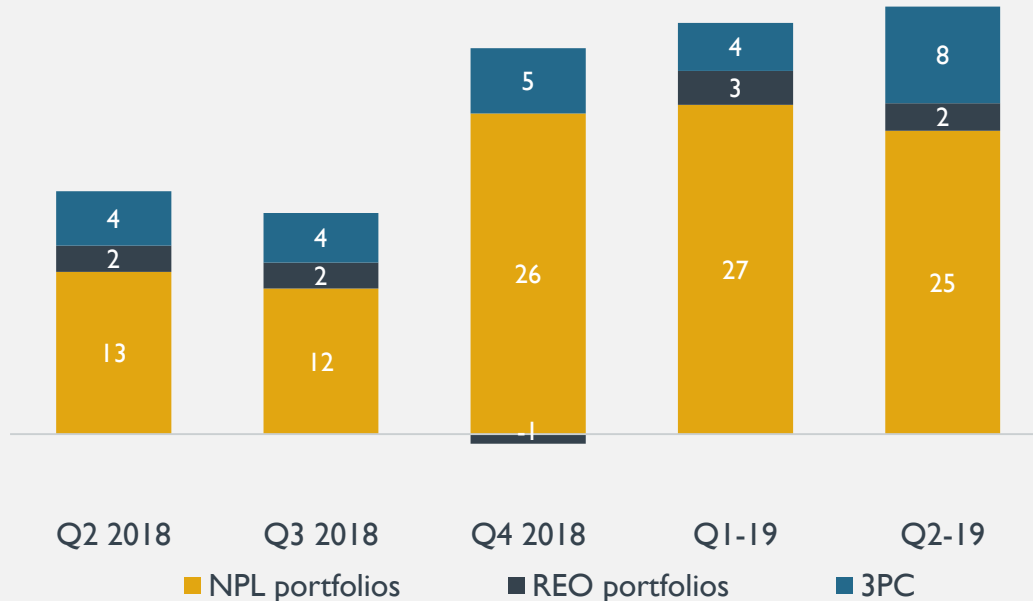


Financials

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Contribution per segment

Contribution per segment¹
(EUR million) - Excluding unallocated overhead cost



- NPL:
 - Stable gross collection from previous quarter with slightly higher portfolio amortization
 - 80% contribution margin
- 3PC:
 - Strong sales improvement: y/y and q/q
 - 50% contribution margin
- REO:
 - Stable sales level
 - Q2 contribution margin at 9%

Net finance, tax and net profits

Condensed Income statement

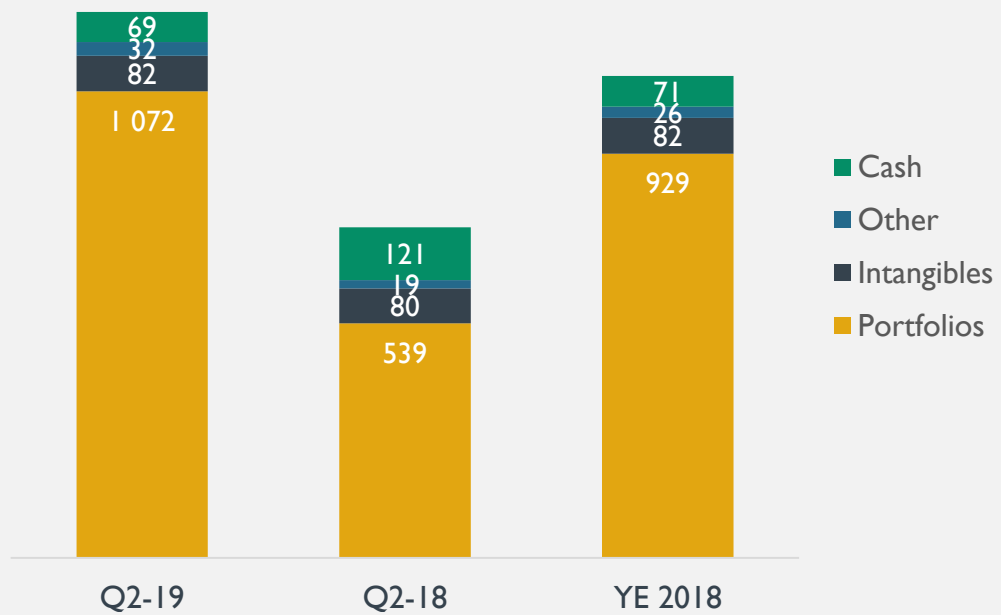
(EUR thousand)

EUR thousand	For the quarter end		YTD		Full year 2018
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	
EBIT	23 748	9 134	43 622	13 891	40 298
Financial revenue	29	283	43	374	453
Financial expenses	-13 961	-8 804	-25 878	-14 345	-34 591
Net financial items	-13 932	-8 521	-25 835	-13 971	-34 138
Profit/(loss) before tax	9 815	614	17 787	-80	6 160
Tax (expense)	-3 661	-442	-7 009	-744	-3 770
Net profit/(loss) after tax	6 154	172	10 778	-825	2 390
Net profit/(loss) to Non-controlling interests	1 549	-83	4 133	342	-2 103
Net profit/(loss) to equity holders	4 605	254	6 645	-1 167	4 492
Earnings per share: basic	0.030	0.002	0.043	-0.008	0.029
Earnings per share: diluted	0.026	0.001	0.038	-0.007	0.026

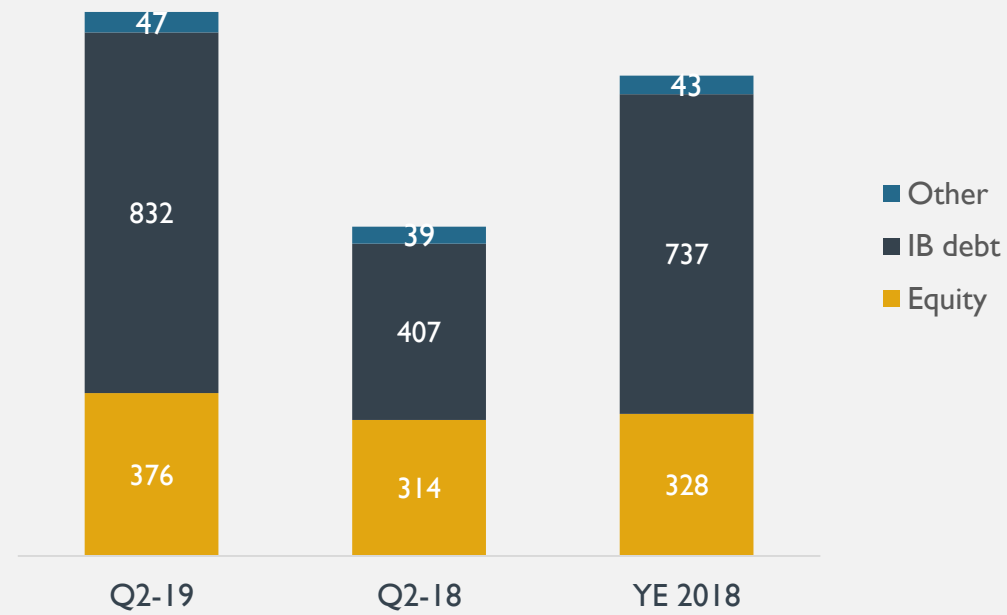
- Total net financial cost of EUR 13.9m
 - Interest cost of EUR 13.0
 - Average blended interest costs of 5%
 - Warrant cost EUR 0.4m
 - Negative net FX impact of EUR 0.3m
- Tax expense of EUR 3.7m
 - 37% effective tax rate (42% in Q1)
 - Some entities not yet in position to recognize tax losses
- Net profit of EUR 6.2m
 - EUR 4.6m to equity shareholders
 - EUR 1.5m to non-controlling minorities

Balance sheet structure

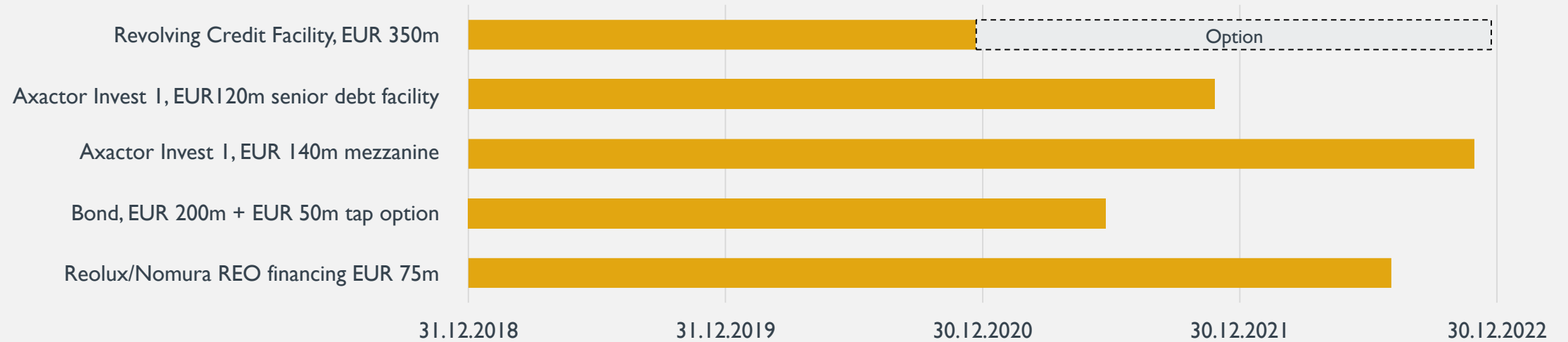
Assets
(EUR million)



Equity and Liabilities
(EUR million)



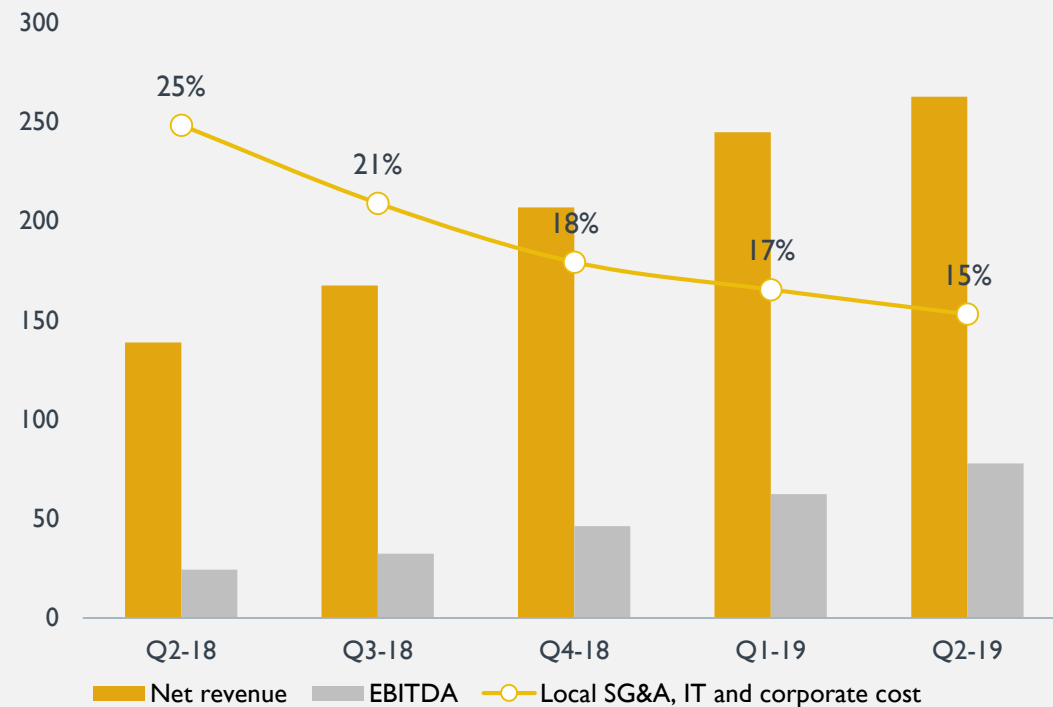
Q2 2019 – Funding structure



- Net interest bearing debt of EUR 765 million
- Added EUR 235m in funding in 1H'19
 - Released accordion options with Nordic bank (EUR 100m in February + EUR 50m in June)
 - 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 I in April

Scale and maturity drives efficiency, profitability and ROE

Revenue, Local SG&A and IT&Group costs
(LTM)



- Growth strategy focused on scale benefits, business synergies and standardization
- Margins improving as opex ratios come down
- Financing costs and lower tax rates set to support positive ROE development going forward
 - Room for lower cost of capital when refinancing credit facilities and bond
 - Tax rate gradually normalizing
 - 61% in 2018, 42% in Q1'19, and 37% in Q2'19

A close-up photograph of a person's hands typing on a silver laptop. The person is wearing a mustard yellow, ribbed sweater. On their left wrist, they have a black watch and several thin, colorful bracelets. The laptop is on a dark wooden desk. In the background, a stack of books is visible. The text "Summary and outlook" is overlaid in white, sans-serif font in the center of the image.

Summary and outlook



Q2 Summary

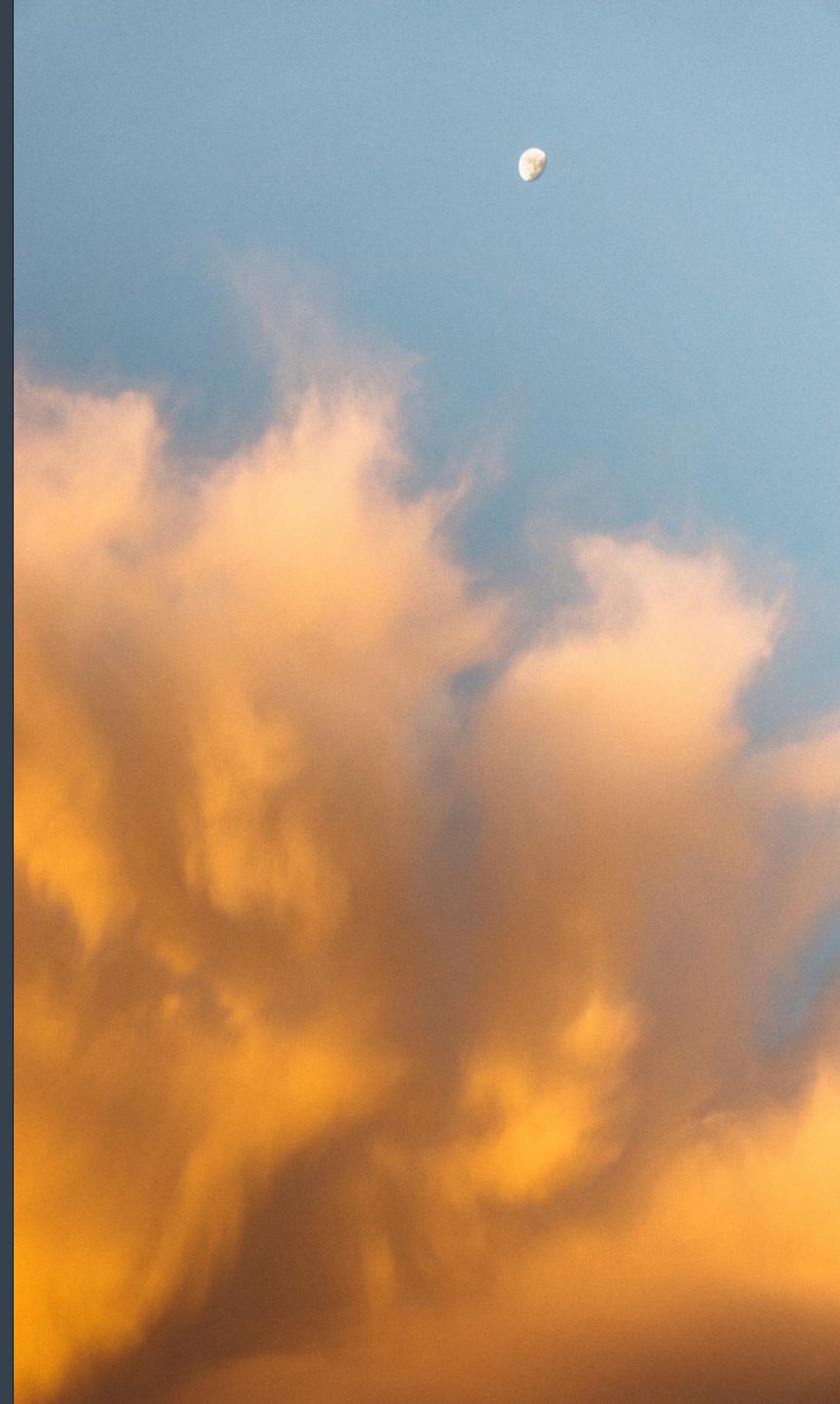
- Solid y/y NPL growth, and healthy growth in a more active 3PC market
- Strong margin improvement & Earnings Before Tax of EUR 10 million
- ERC doubling the last 12 months
- Continuing to drive efficiency and cost improvement through 'One Axactor'
- Healthy 2H NPL Pipeline

Outlook

- Attractive opportunities in the NPL market – lower portfolio prices/ increasing IRRs
- Clients more focused on Total Value Chain Partnership “opening up” the 3PC market
- Axactor maintaining 2019 capex estimate of EUR 400-450 million
- Our collection profiles point towards continued profitable growth and margin expansion through 2019



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Appendix

P&L statement

EUR thousand	For the quarter end		YTD		Full year 2018
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	
Interest income from purchased loan portfolios	32 475	16 061	61 464	34 466	74 536
Net gain/loss purchased loan portfolios	-1 188	2 998	5 182	232	10 599
Other operating revenue	41 132	35 327	79 421	55 488	121 774
Total Revenue	72 418	54 386	146 067	90 186	206 909
Cost of REO's sold, incl impairment	-20 205	-17 353	-39,720	-23 476	-54 491
Personnel expenses operations	-9 132	-7 975	-18 565	-16 061	-32 585
Personnel expenses other	-4 794	-5 170	-10 896	-10 444	-19 548
Operating expenses	-12 143	-13 278	-28,602	-23 498	-53 978
Total operating expense	-46 273	-43 776	-97 782	-73 479	-160 602
EBITDA	26 145	10 610	48 285	16 707	46 306
Amortization and depreciation	-2 397	-1 476	-4 663	-2 816	-6 009
EBIT	23 748	9 134	43 622	13 891	40 298
Financial revenue	29	283	43	374	453
Financial expenses	-13 961	-8 804	-25 878	-14 345	-34 591
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Earnings per share: diluted	0.026	0.001	0.038	-0.007	0.026

Balance sheet statement

EUR thousand ASSETS

30 Jun 2019 30 Jun 2018 31 Dec 2018

Intangible non-current assets

Intangible Assets	19 678	19 300	19 170
Goodwill	56 288	54 470	55 577
Deferred tax assets	6 117	6 612	7 564

Tangible non-current assets

Property, plant and equipment	3 157	2 533	2 683
Right-of-use assets	6 562	0	0

Financial non-current assets

Purchased debt portfolios	909 702	358 505	728 820
Other non-current receivables	289	1 228	293
Other non-current investments	764	170	778
Total non-current assets	1 002 557	442 818	814 885

Current assets

Stock of Secured Assets	162 471	180 528	200 009
Accounts Receivable	8 538	9 454	9 459
Other current assets	12 256	6 073	12 774
Restricted cash	2 830	37	3 184
Cash and Cash Equivalents	66 505	121 001	67 593
Total current assets	252 600	317 092	293 018

TOTAL ASSETS	1 255 157	759 910	1 107 903
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EUR thousand EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent

Share Capital	81 338	80 842	81 115
Other paid-in equity	201 141	198 908	200 298
Retained Earnings	-7 527	-19 884	-14 172
Reserves	-2 255	-883	-2 817
Non-controlling interests	103 217	55 244	63 746
Total Equity	375 914	314 226	328 170

Non-current Liabilities

Interest bearing debt	552 788	369 503	567 829
Deferred tax liabilities	10 705	5 336	11 124
Lease liabilities	4 108	0	0
Other non-current liabilities	1 504	3 702	1 180
Total non-current liabilities	569 104	378 541	580 132

Current Liabilities

Accounts Payable	3 163	2 136	4 522
Current portion of interest bearing debt	278 958	37 131	169 296
Taxes Payable	6 805	4 182	1 610
Lease liabilities	2 489	0	0
Other current liabilities	18 723	23 694	24 172
Total current liabilities	310 139	67 143	199 600

Total Liabilities	879 243	445 684	779 732
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TOTAL EQUITY AND LIABILITIES	1 255 157	759 910	1 107 903
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Legal organization July 2019

