

AXACTOR

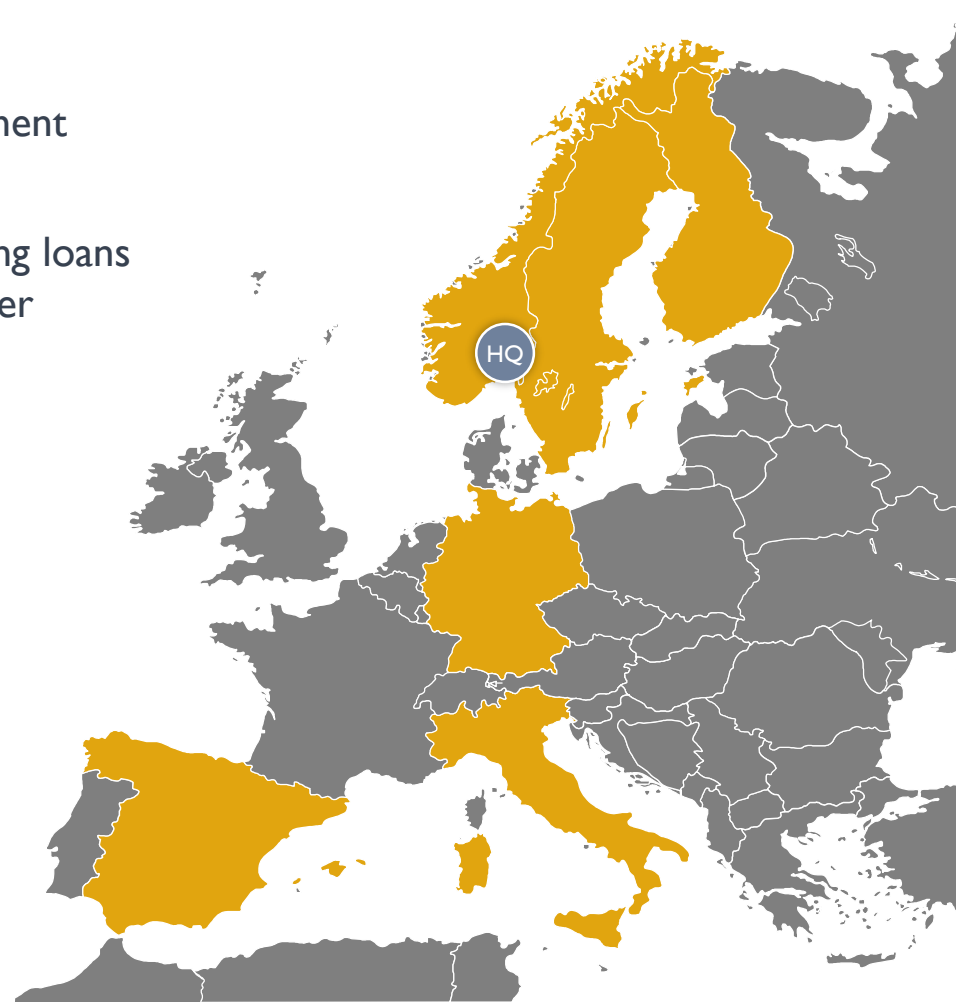
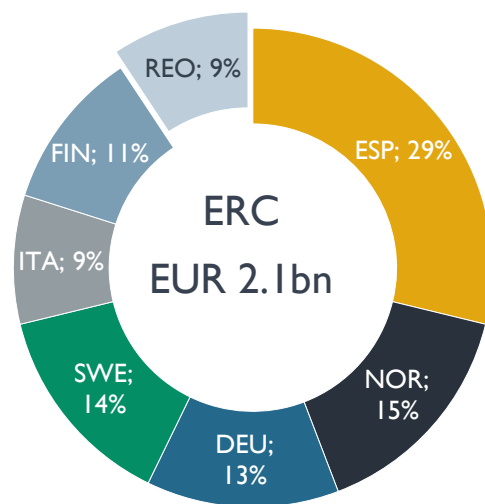
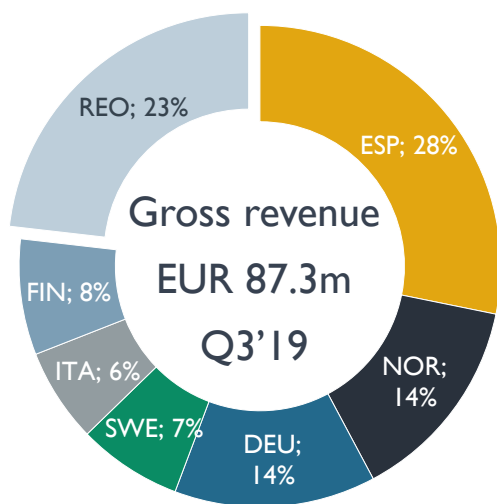
Q3 2019

25 October, 2019



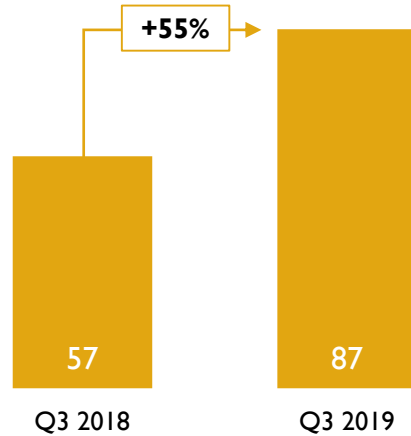
A next-generation debt management company

- Growth strategy built on scalable, lean and efficient debt management operations across six well-established European markets
- Focused on debt collection on owned portfolios of non-performing loans (NPL) and third-party debt collection, primarily for banks and other financial institutions

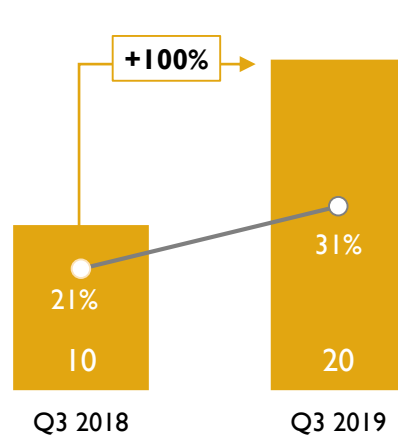


Q3 2019 - Key highlights

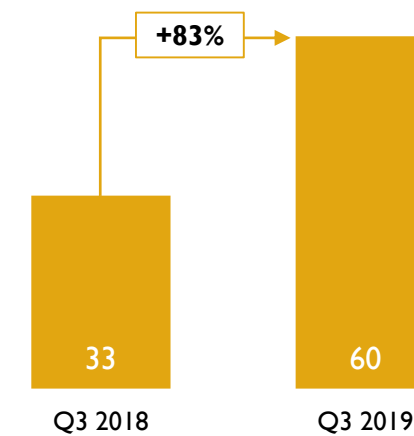
Gross revenue
(EUR million)



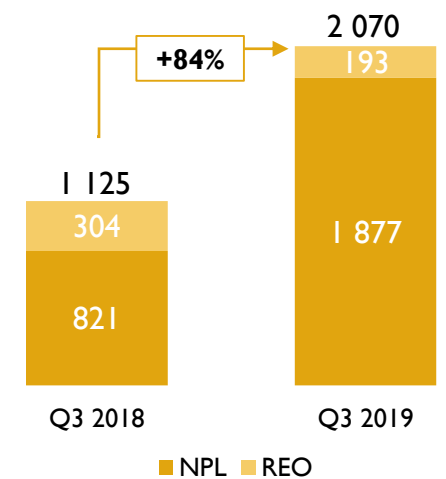
EBITDA and margin
(EUR million and %)



Cash EBITDA
(EUR million)



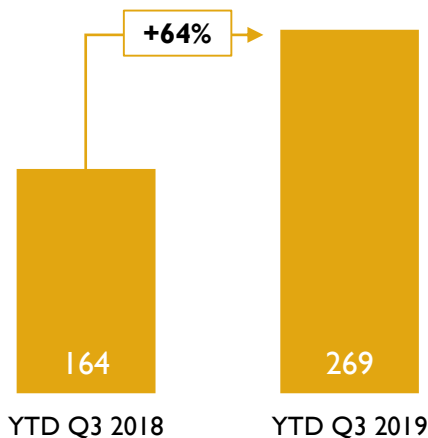
ERC
(EUR million)



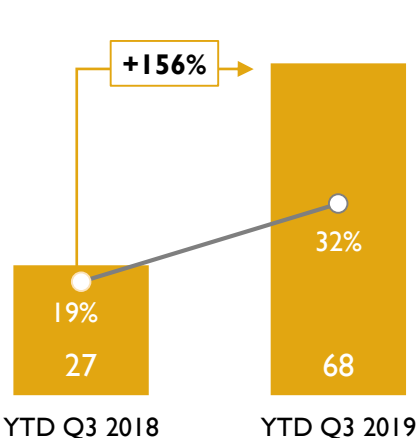
- Strong y-o-y revenue growth, driven by more than doubling of gross revenue from the NPL segment
- Doubling of EBITDA showing the scalability and efficiency of the Axactor model
- Earnings before tax of EUR 6 million
- Capex of EUR 85 million invested in NPL portfolios

YTD Q3 2019 - Key highlights

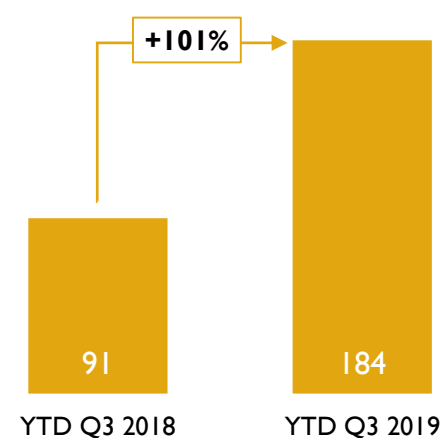
Gross revenue
(EUR million)



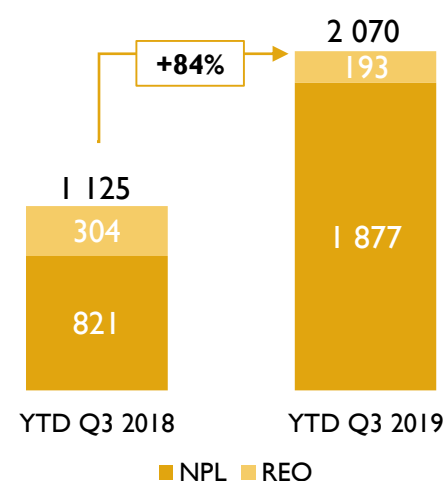
EBITDA and margin
(EUR million and %)



Cash EBITDA
(EUR million)



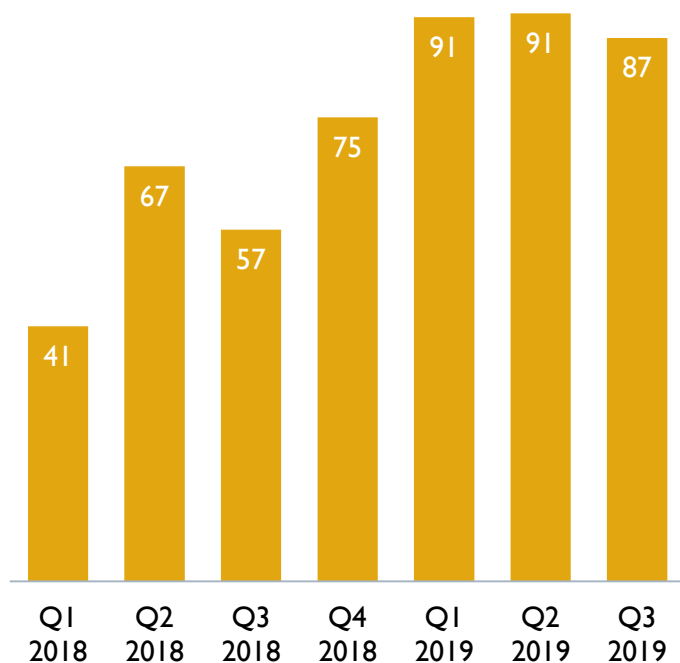
ERC
(EUR million)



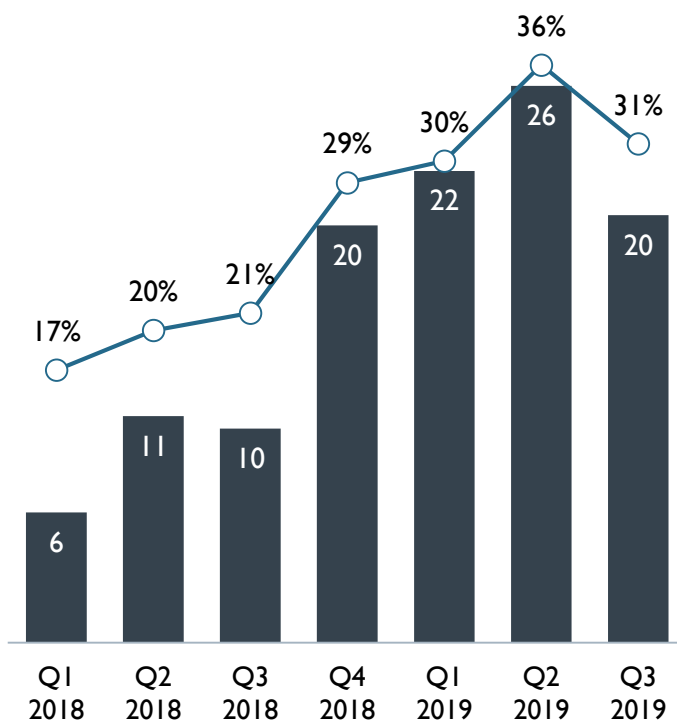
- Significant revenue growth and strong margin expansion
- Earnings before tax of EUR 24 million
- Book value and ERC of NPL portfolios up approximately 130% from September 2018
- NPL portfolio investments of EUR 303m YTD – expected full-year capex level in the region of EUR 400 million

Year-on-year improvements and with less seasonality effect

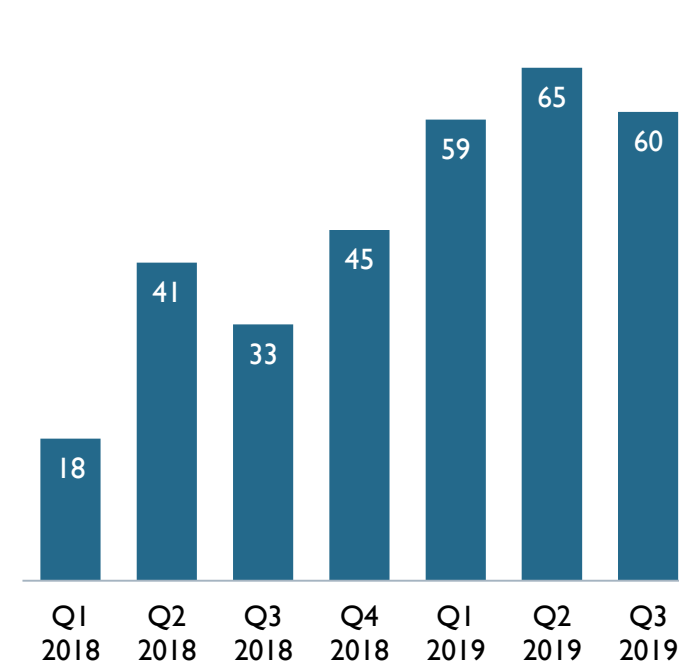
Gross revenue development
(EUR million)



EBITDA and EBITDA-margin
(EUR million and %)

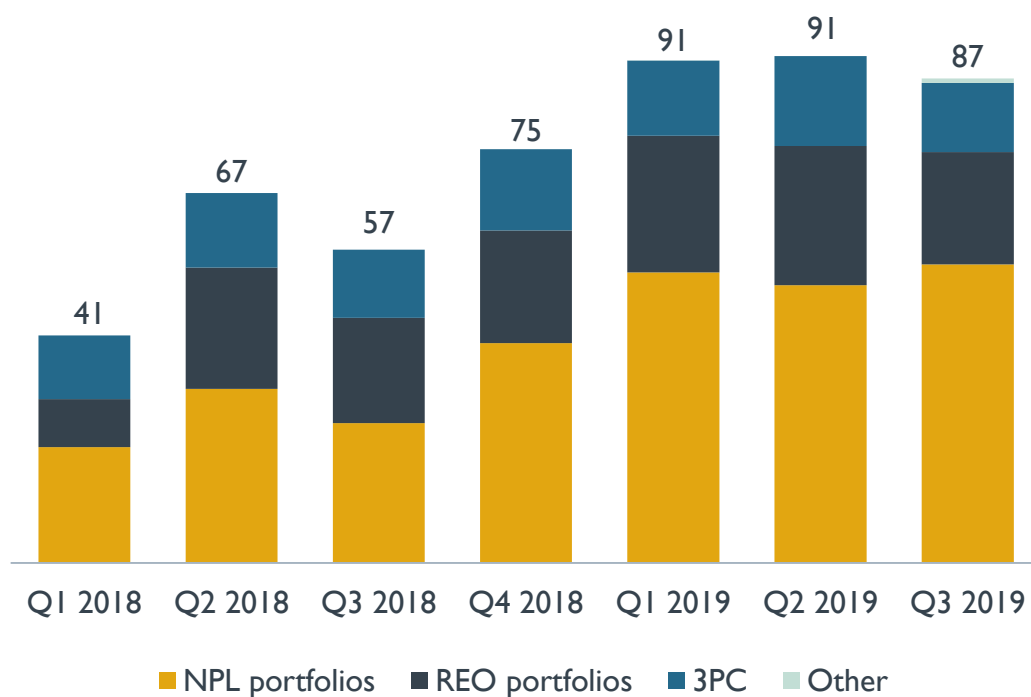


Cash EBITDA
(EUR million)



Year-on-year revenue growth in all areas

Gross revenue development
(EUR million)



- Continued YoY revenue growth:
 - NPL +113%
 - 3PC +1%
 - REO +7%
- QoQ decline due to slow summer months:
 - NPL +7%
 - 3PC -22%
 - REO -19%

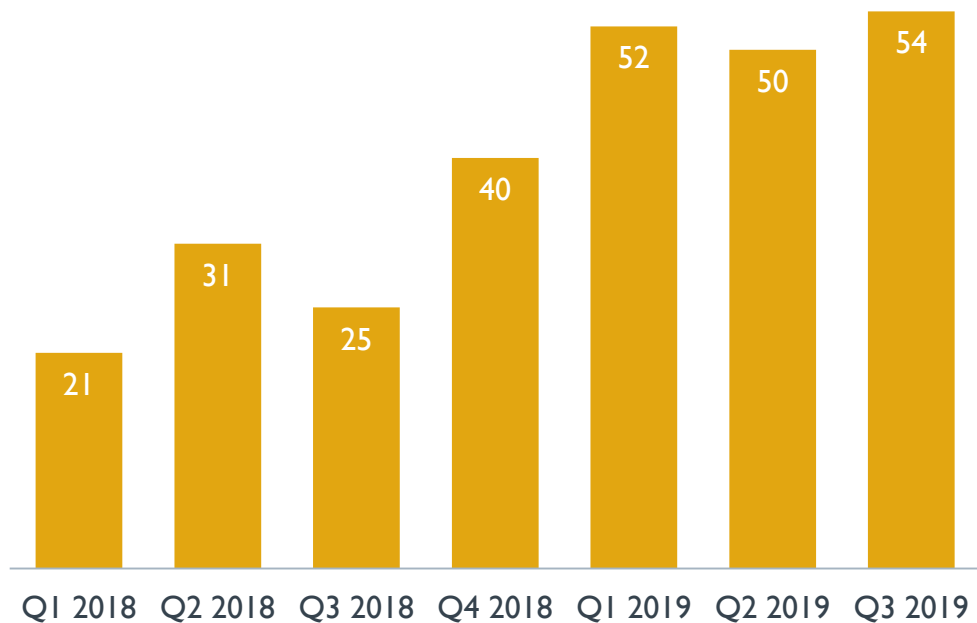


NPL portfolio

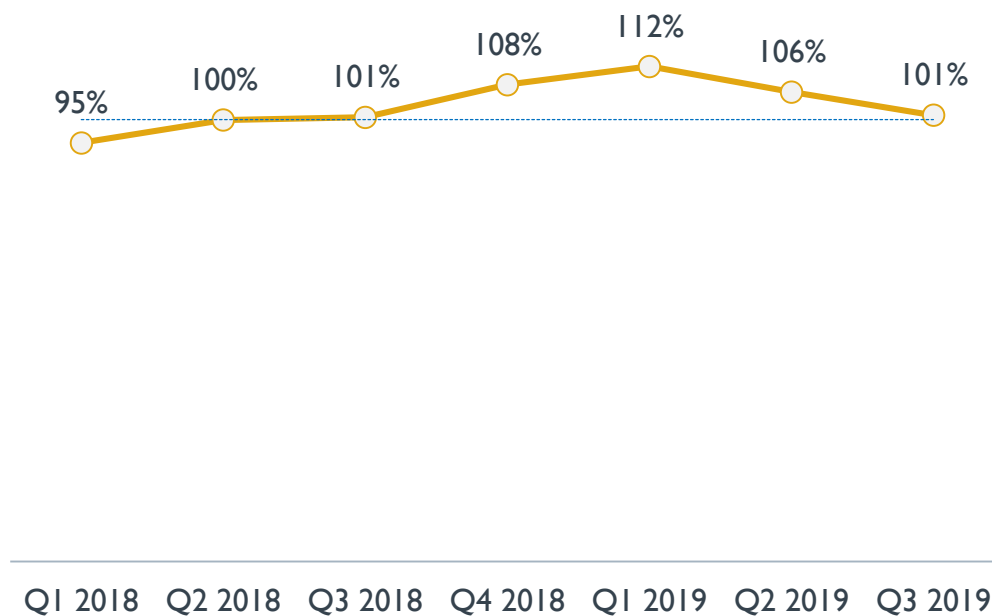
Q3 2019

NPL q-o-q growth despite seasonal slowdown

NPL gross revenue development
(EUR million)

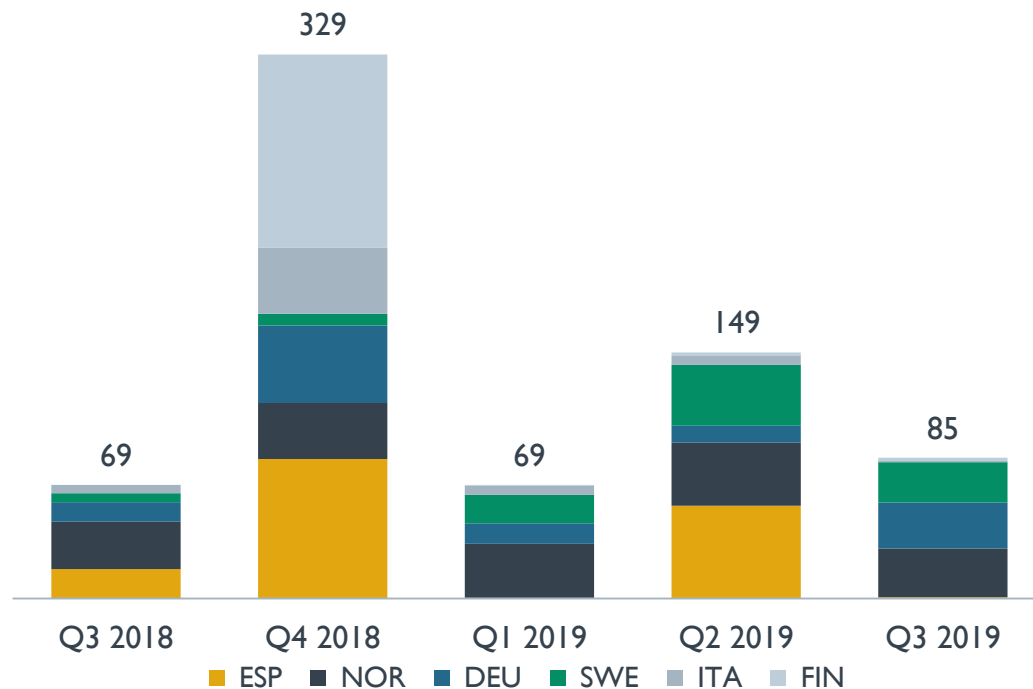


Actual collection vs. active forecast
(LTM, rolling)



NPL: Capex mainly into forward flow agreements

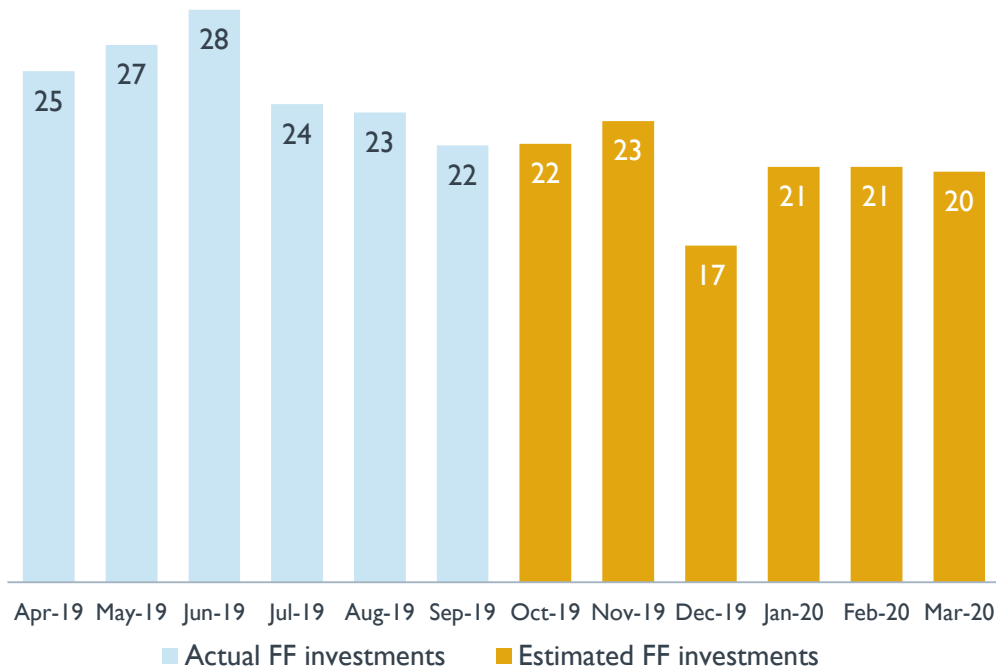
Quarterly NPL investments
(EUR million)



- EUR 68m invested in forward flow in Q3
- Acquired German unsecured portfolio with outstanding balance of EUR 145m across 65,000 claims
- EUR 303m invested year to date
- Expected capex level in the region of EUR 400m for the full year

NPL: Forward flow outlook

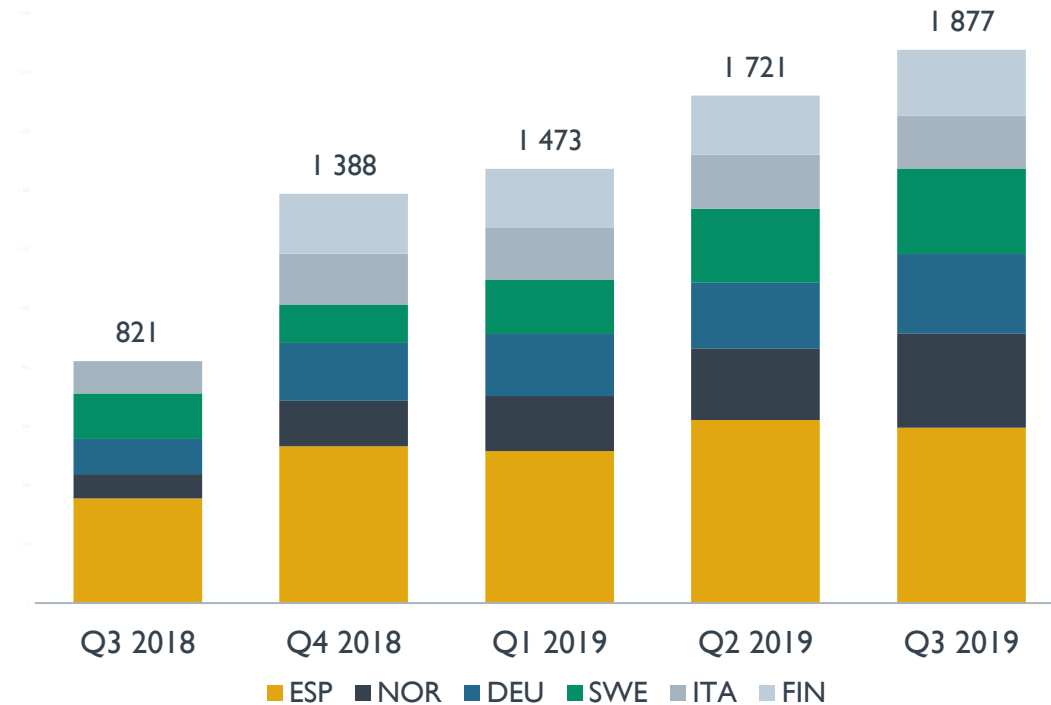
Estimated FF investments from signed contracts
(EUR million)



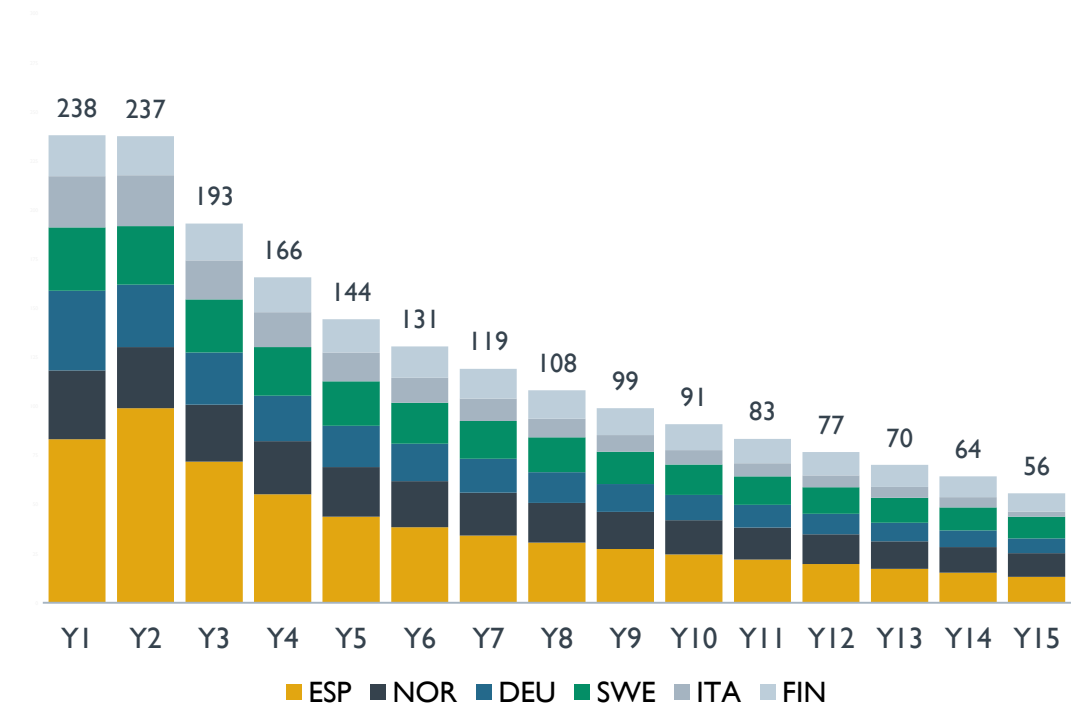
- Total estimated forward flow volume of EUR 277m in 2019, of which EUR 61m remaining in Q4'19
- Selective approach given upwards trend in IRRs
 - Renegotiating or discontinuing existing contracts
 - Expanded agreement with Nordic client for unsecured loans with estimated annual volume of EUR 44 million from January 2020
- Focusing on combined forward flow and 3PC contracts
 - Added new Norwegian client with estimated annual volume of EUR 15 million from August 2019, with initial 3PC period

NPL: Increasing and balanced portfolio

ERC development
(EUR million)



Forward ERC profile by year
(EUR million)



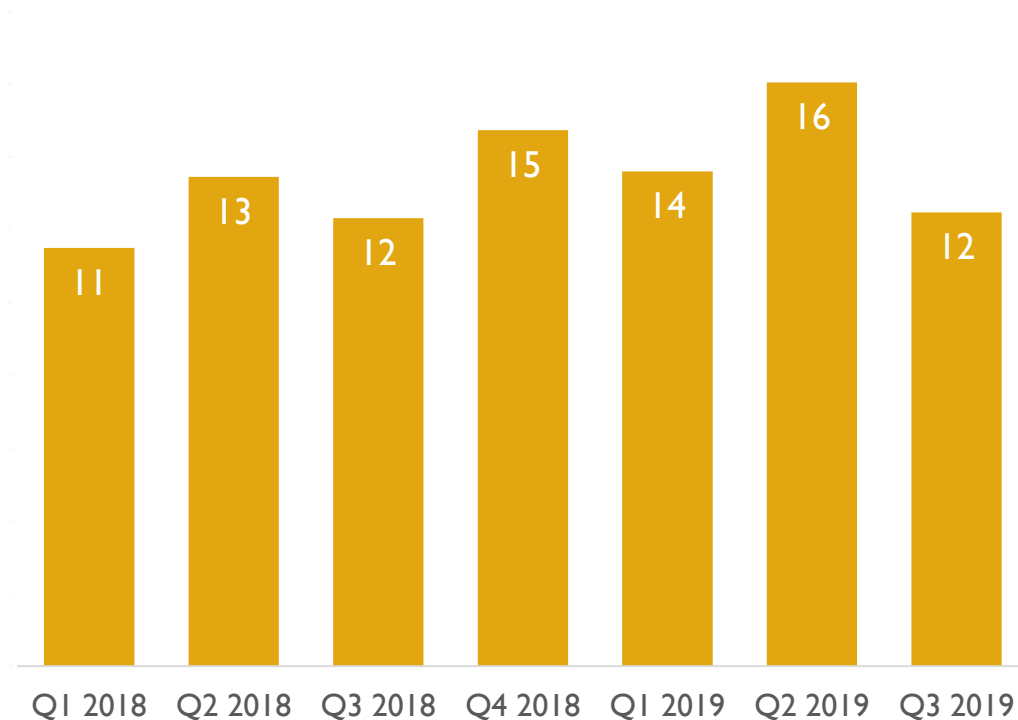


3PC

Q3 2019

Growing the third-party collection business

Gross revenue 3PC
(EUR million)



- +1% YoY
 - Seasonal effects explain decline from previous quarter
- Sharpened focus on combined forward flow and 3PC deals to increase 3PC volumes
 - Product synergies in business origination, collection execution and data generation
 - Expecting more forward flow agreements with initial 3PC periods
 - Sound way to increase the capital light side of the business, while offering clients an attractive way to offload their balance sheets
- Exploring partnership strategy for co-invest and new 3PC servicing volumes

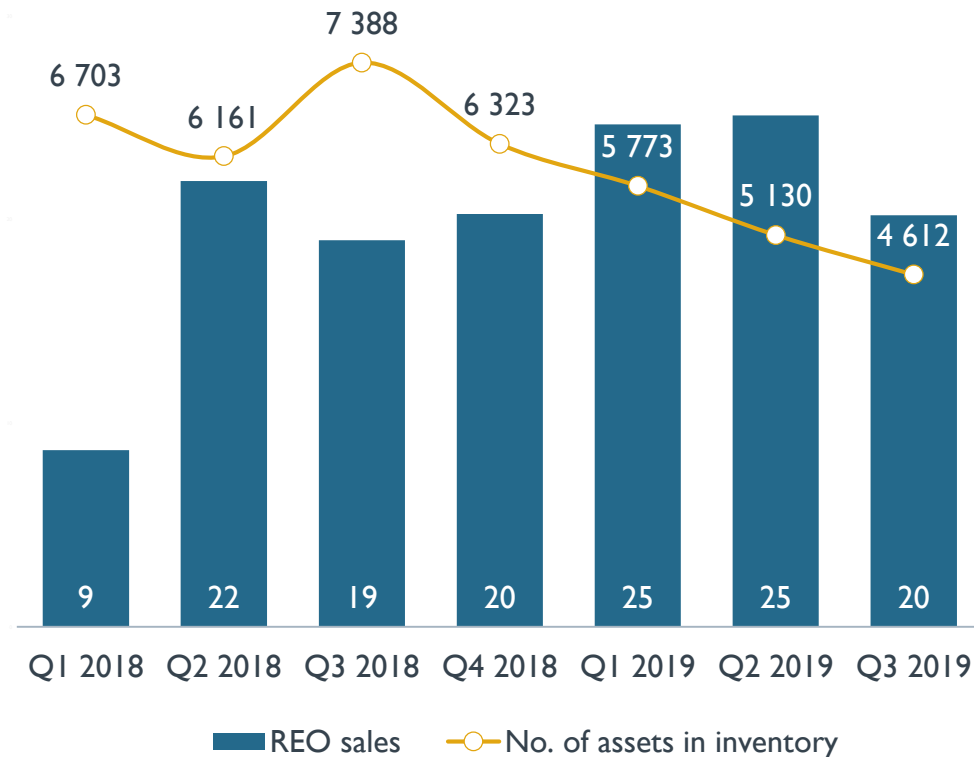


REO portfolio

Q3 2019

Maintained high REO revenue on declining asset base

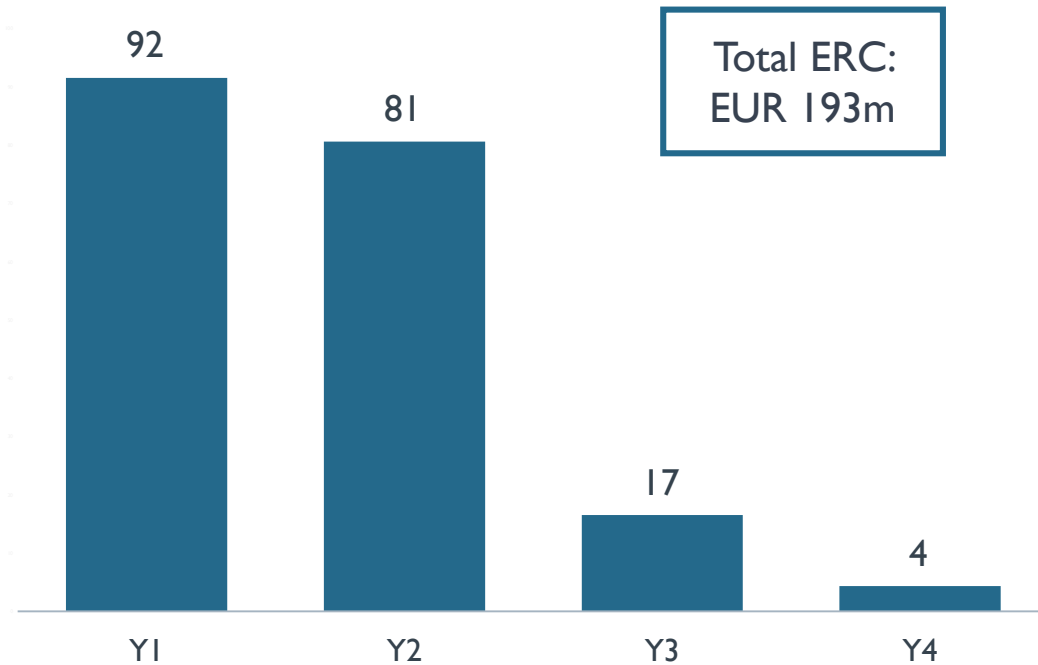
REO gross revenue development
(EUR million)



- Revenue up 7% y-o-y on significantly lower asset base
 - Higher unit sales dampened by asset mix and moderate price decline
- Sold 530 units, down 19% from 657 units in Q2
- Average unit price unchanged at EUR 38k
- Maintained healthy balance between margins and volumes
 - Allowed for moderately higher discounts to support activity through low season

REO ERC of EUR 193m remaining per Q3

REO: ERC profile
(EUR million)



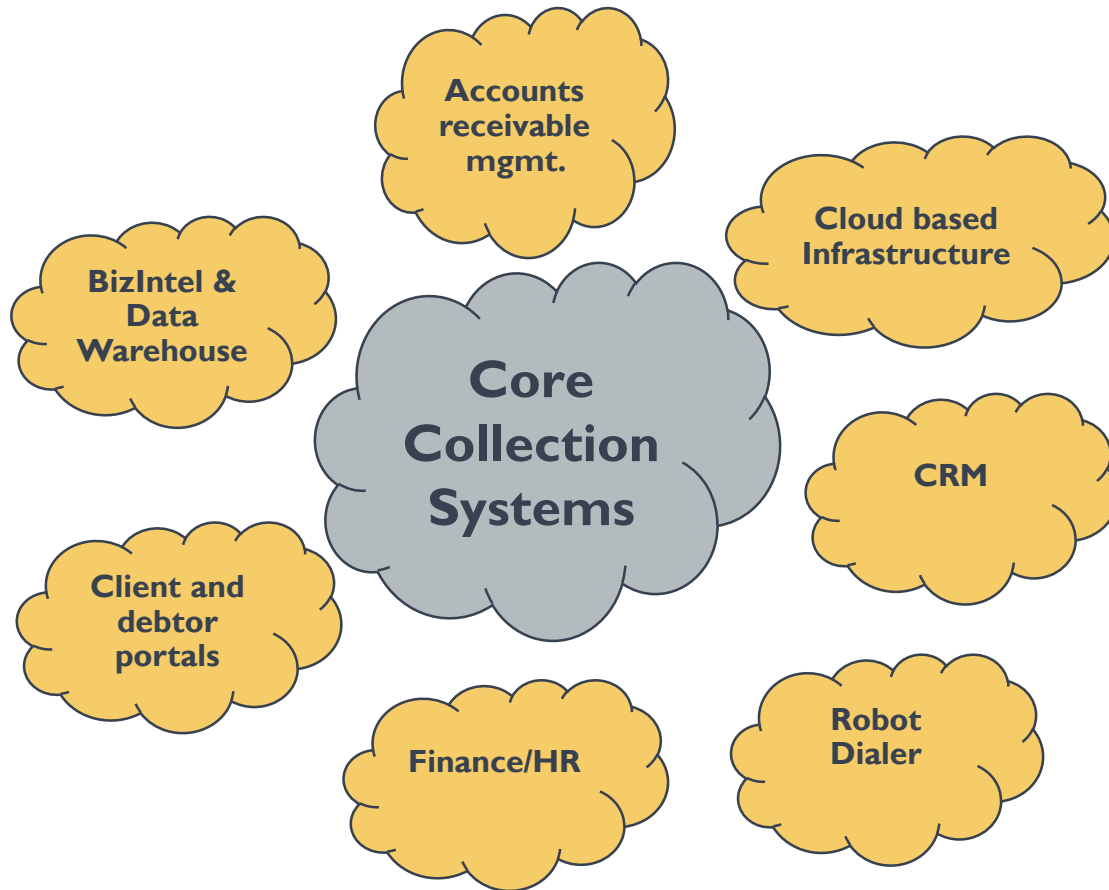
- ERC decreased by 11% in the quarter
- Expecting to realize almost 50% of remaining asset base over the next 12 months
- REO now represents <10% of Group ERC, and set to decline rapidly
- Axactor has approximately 40% of the total exposure
 - Minority shareholders in both Reolux and its subsidiaries



IT & Systems

Q3 2019

A unique IT platform designed for scaling up operations



- Axactor Group Standardization from Day 1, one exception: Core Collections System
- Taken out legacy with industry standard SW
- Outsourcing to two strategic partners:
 - *Miratech* (Application Development and Maintenance)
 - *Intility* (cloud based computing)
 - *Miratech & Intility*:
 - Innovation
 - Project Management for all Projects (not only IT)
 - Implementation
 - Integration
 - Operations
- Best practice knowledge sharing between countries
- Mode of Operation with clear KPIs



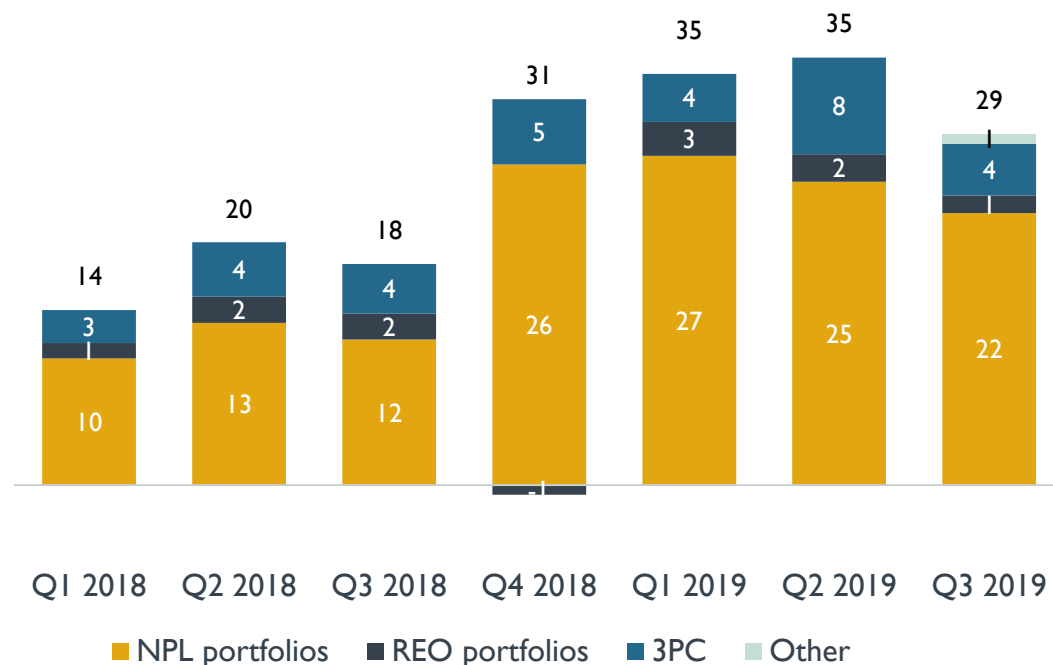
Financials

Q3 2019

Contribution per segment

Contribution per segment*

(EUR million) - Excluding unallocated overhead cost



- Total:
 - Contribution margin of 45% (37%)
- NPL:
 - Portfolio amortization of EUR 23.1m (7.8), up from EUR 18.8m in the previous quarter
 - Contribution margin of 73% (69%)
- 3PC:
 - Seasonally slow quarter, 1% yoy growth
 - 34% contribution margin (33%)
- REO:
 - Seasonally slow quarter, 7% yoy growth
 - Lower contribution margin at 7% (11%), reflecting moderately increased discounts
- 'Other' item of EUR 0.8m, mainly reflects disposal of two small non-core portfolios

Net finance, tax and net profits

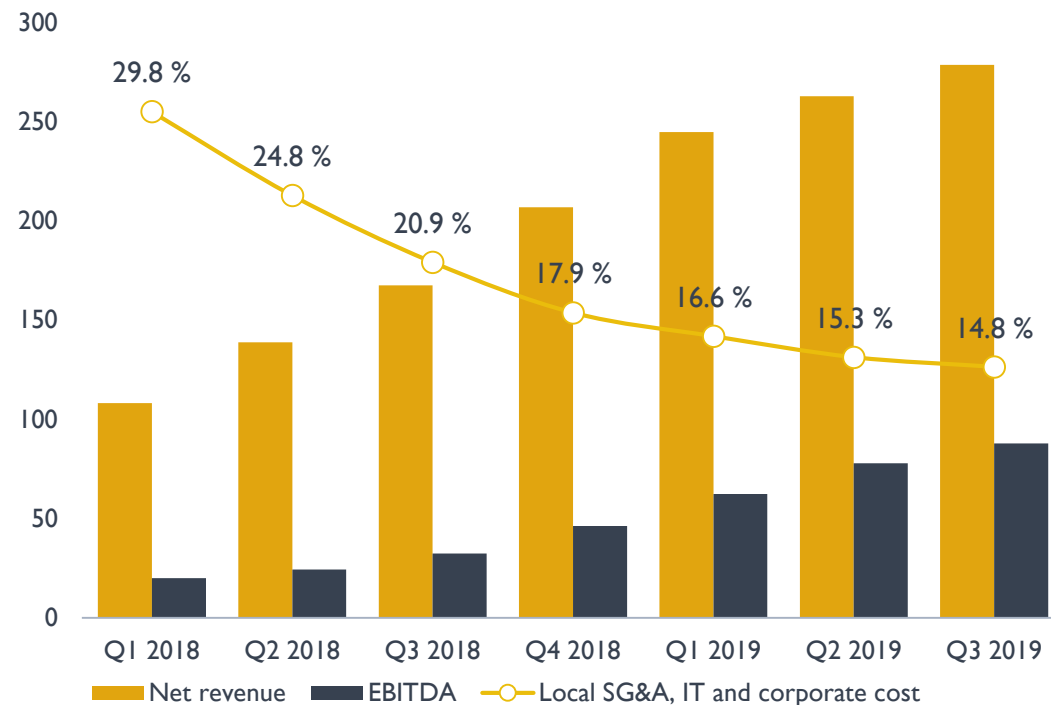
Condensed Income statement (EUR thousand)

EUR thousand	For the quarter end		YTD		Full year 2018
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	
EBIT	17 405	8 521	61 027	22 412	40 298
Financial revenue	2 892	21	2 262	395	453
Financial expenses	-13 961	-7 741	-39 166	-22 086	-34 591
Net financial items	-11 069	-7 720	-36 904	-21 691	-34 138
Profit/(loss) before tax	6 336	801	24 123	720	6 160
Tax (expense)	-2 679	-401	-9 688	-1 146	-3 770
Net profit/(loss) after tax	3 657	399	14 435	-425	2 390
Net profit/(loss) to Non-controlling interests	-801	-866	3 333	-524	-2 103
Net profit/(loss) to equity holders	4 457	1 266	11 102	99	4 492
Earnings per share: basic	0.029	0.008	0.072	0.001	0.029
Earnings per share: diluted	0.025	0.007	0.064	0.001	0.026

- Total net financial cost of EUR 11.1m
 - Interest cost of EUR 13.4
 - Average blended interest costs of approx. 5%
 - Warrant cost of EUR 0.4m
 - Warrants expire in October
 - Unrealized FX gain of EUR 2.8m
- Tax expense of EUR 2.7m
 - Effective tax rate still high at 42% as some entities are not in position to recognize tax losses
 - Expects downward trend towards <30% over time
- Net profit of EUR 3.7m
 - EUR 4.5m to equity shareholders
 - EUR -0.8m to non-controlling minorities

Scale and maturity drives efficiency, profitability and ROE

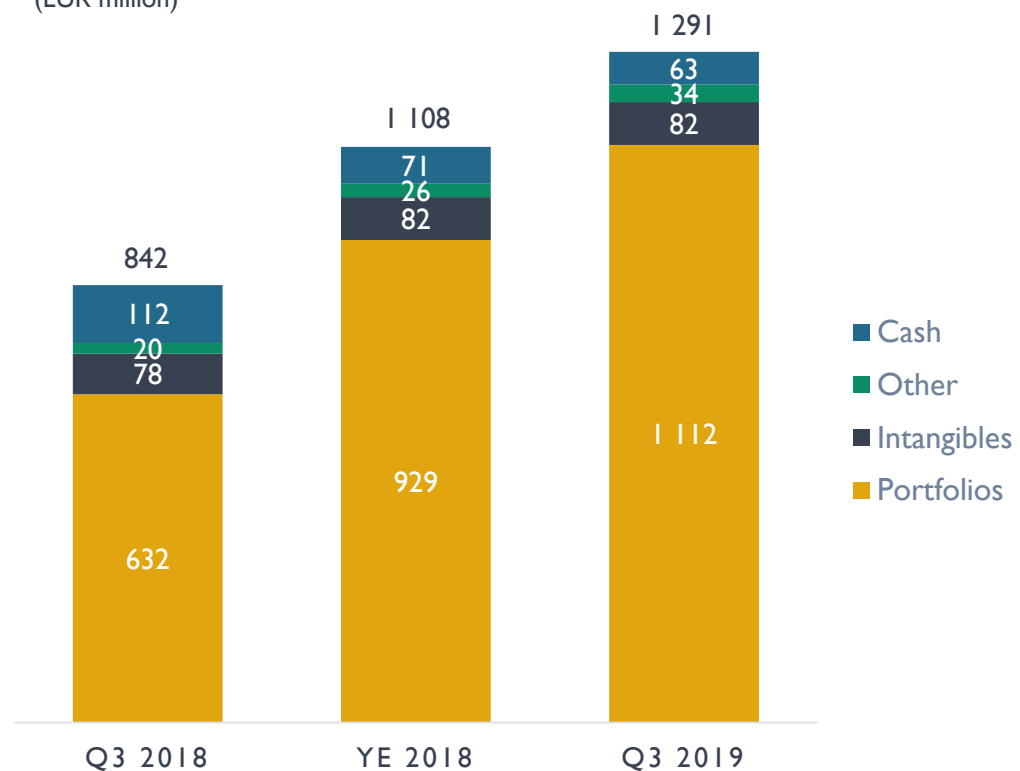
Revenue, EBITDA, Local SG&A, IT & corporate costs (LTM)



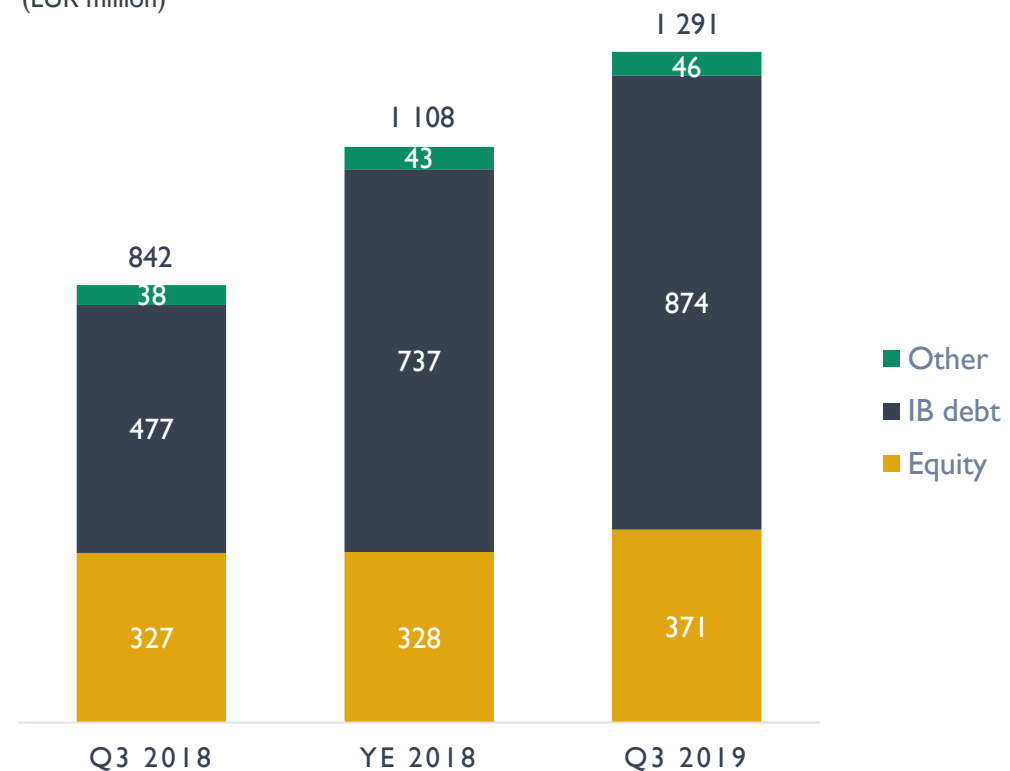
- Growth strategy with focus on efficient scaling and low collection costs
- Continued decline in Opex ratio
- Improved financing costs and tax rates set to support positive ROE development going forward
 - Room for lower cost of capital when refinancing credit facilities and bond
 - Tax rate expected to normalize to <30% level over time
 - 61% in 2018, 40% for YTD Q3 2019

Balance sheet structure

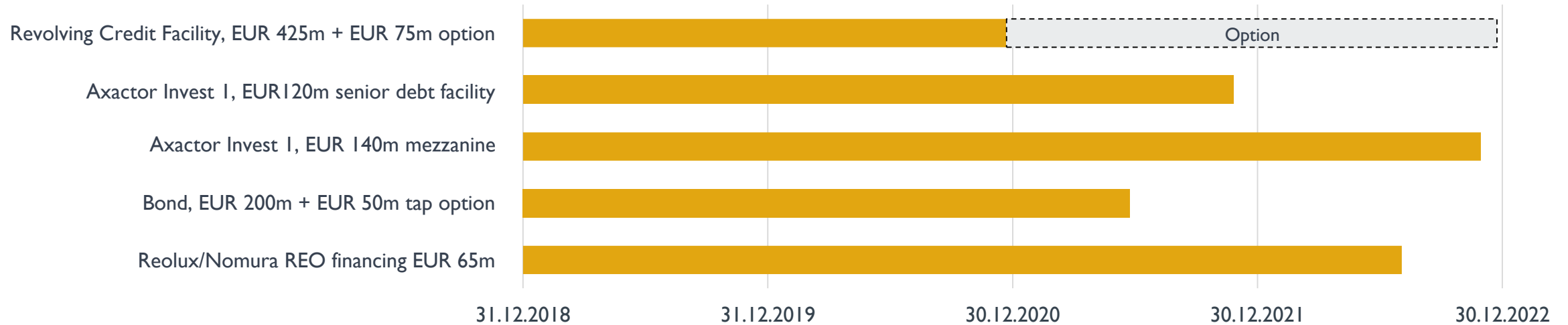
Assets
(EUR million)



Equity and Liabilities
(EUR million)



Current funding structure*



- Net interest bearing debt of EUR 813 million per 30 September 2019
- Expanded RCF with two new accordion options in October, each for EUR 75m: One of the options executed in October
- Increased funding by a total EUR 310m in funding YTD:
 - Released EUR 225m in accordion options with Nordic banks: EUR 100m in February + EUR 50m in June + EUR 75m in October
 - Executed bond tap option of EUR 50m in March
 - EUR 15m equity injection and EUR 20m new mezzanine loan from Geveran to Axactor Invest I in April



Summary and outlook

Q3 2019



Q3 Summary/Outlook

- Solid NPL performance
- Seasonally slower in 3PC and REO
- Earnings Before Tax of EUR 6 million
- Continuing to drive efficiency and cost improvements through 'One Axactor'
- Lucrative NPL market in Europe: Axactor targeting FY 2019 capex level in the region of EUR 400 million
- Collection platforms and IT systems in place with ability to handle significantly higher volumes with solid profitable growth through 2019 and into 2020



Appendix

P&L statement

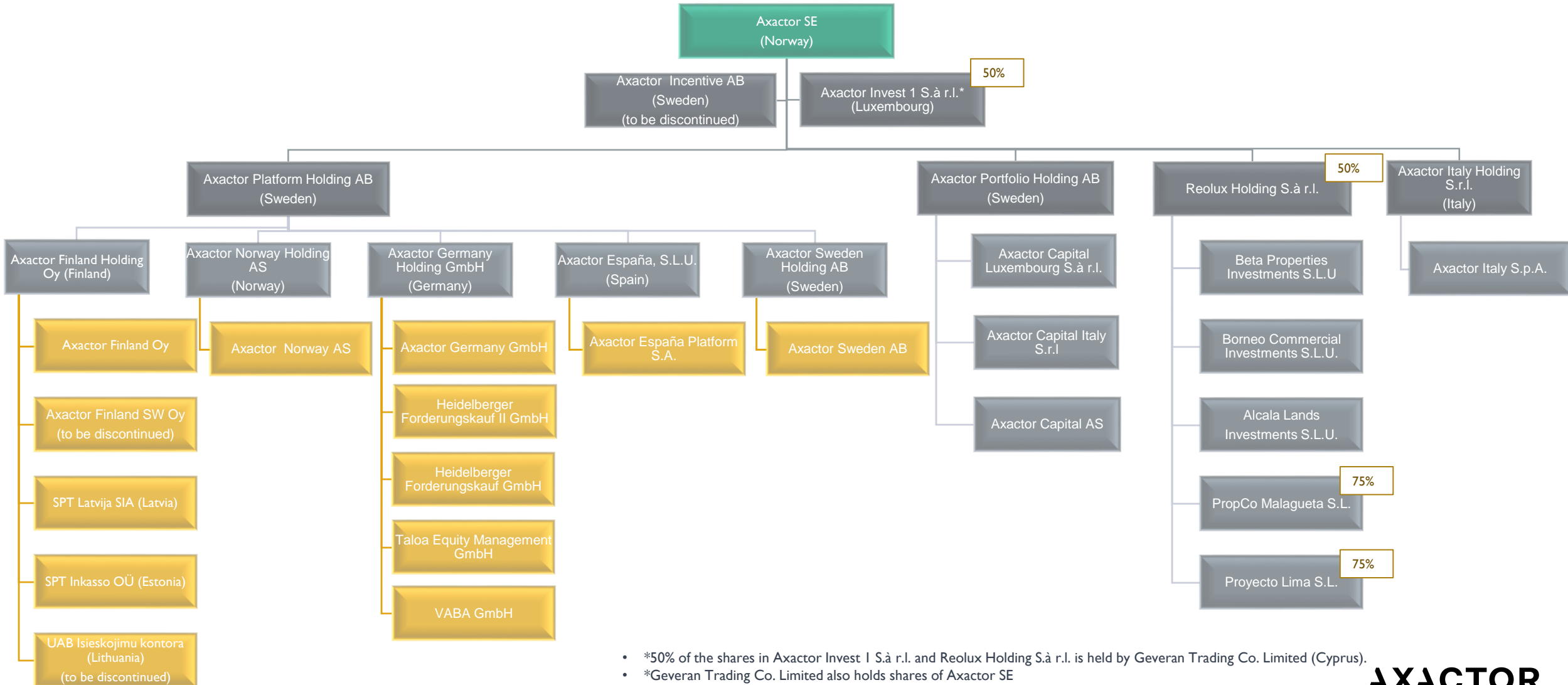
	For the quarter end		YTD		
EUR thousand	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	Full year 2018
Interest income from purchased loan portfolios	35 828	17 781	97 292	52 247	74 536
Net gain/loss purchased loan portfolios	-5 089	-385	93	-152	10 599
Other operating revenue	33 523	31 292	112 944	86 780	121 774
Total Revenue	64 263	48 689	210 329	138 875	206 909
Cost of REO's sold, incl impairment	-16 374	-14 598	-56 093	-38 074	-56 438
Personnel expenses operations	-9 597	-7 709	-28 162	-23 770	-32 585
Personnel expenses other	-3 414	-3 893	-14 309	-14 337	-19 548
Operating expenses	-14 849	-12 461	-43 451	-35 959	-52 032
Total operating expense	-44 233	-38 661	-142 015	-112 140	-160 602
EBITDA	20 029	10 028	68 314	26 735	46 306
Amortization and depreciation	-2 625	-1 507	-7 287	-4 323	-6 009
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Earnings per share: diluted	0.025	0.007	0.064	0.001	0.026

Balance sheet statement

EUR thousand	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
<i>Intangible non-current assets</i>			
Intangible Assets	20 098	19 544	19 170
Goodwill	55 740	54 462	55 577
Deferred tax assets	6 336	4 239	7 564
<i>Tangible non-current assets</i>			
Property, plant and equipment	3 000	2 795	2 683
Right-of-use assets	5 938	0	0
<i>Financial non-current assets</i>			
Purchased debt portfolios	963 953	419 108	728 820
Other non-current receivables	295	1 155	293
Other non-current investments	662	170	778
Total non-current assets	1 056 021	501 473	814 885
<i>Current assets</i>			
Stock of Secured Assets	148 101	212 555	200 009
Accounts Receivable	10 782	7 671	9 459
Other current assets	13 144	8 545	12 774
Restricted cash	2 611	54	3 184
Cash and Cash Equivalents	60 481	112 018	67 593
Total current assets	235 119	340 844	293 018
TOTAL ASSETS	1 291 140	842 317	1 107 903

EUR thousand	30 Sep 2019	30 Sep 2018	31 Dec 2018
EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of the parent</i>			
Share Capital	81 338	80 842	81 115
Other paid-in equity	201 503	199 135	200 298
Retained Earnings	-3 070	-18 619	-14 172
Reserves	-7 724	-465	-2 817
Non-controlling interests	99 067	65 801	63 746
Total Equity	371 114	326 693	328 170
<i>Non-current Liabilities</i>			
Interest bearing debt	641 095	368 161	567 829
Deferred tax liabilities	10 417	5 261	11 124
Lease liabilities	3 578	0	0
Other non-current liabilities	1 917	3 736	1 180
Total non-current liabilities	657 007	377 159	580 132
<i>Current Liabilities</i>			
Accounts Payable	1 384	4 214	4 522
Current portion of interest bearing debt	232 915	109 244	169 296
Taxes Payable	8 658	1 694	1 610
Lease liabilities	2 436	0	0
Other current liabilities	17 626	23 313	24 172
Total current liabilities	263 019	138 465	199 600
Total Liabilities	920 026	515 624	779 732
TOTAL EQUITY AND LIABILITIES	1 291 140	842 317	1 107 903

Legal organization October 2019



- *50% of the shares in Axactor Invest 1 S.à r.l. and Reolux Holding S.à r.l. is held by Geveran Trading Co. Limited (Cyprus).
- *Geveran Trading Co. Limited also holds shares of Axactor SE

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