

Q3 2017 presentation

Oslo, 24 November 2017

B2 HOLDING[®]
Making each other better

B2Holding status update Q3 2017

Overview

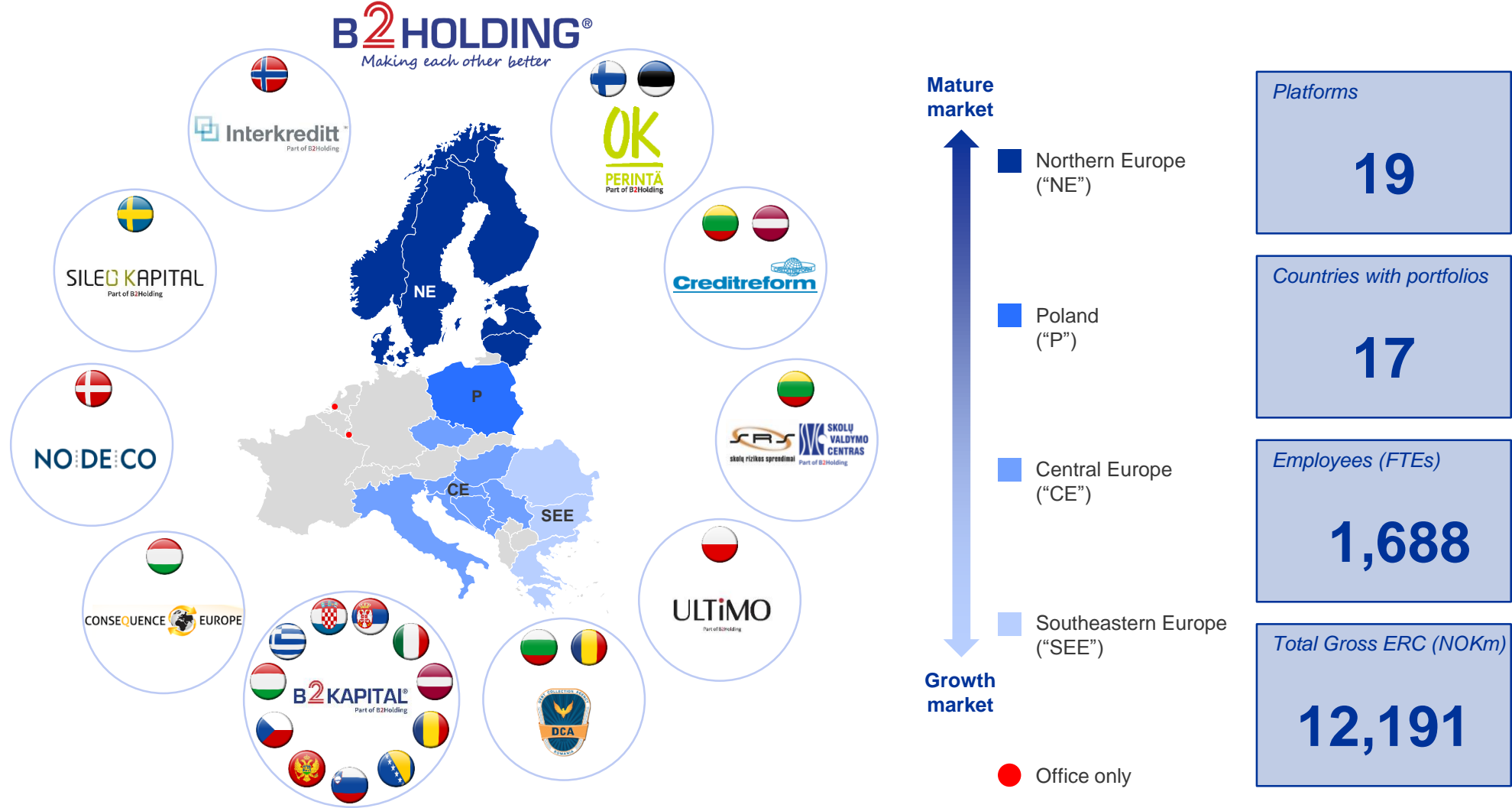
Financial developments

- Gross cash collection increased 37% to NOK 650m, a new record (NOK 474m in Q3 2016)
- Cash EBITDA increased 45% to NOK 472m, a new record (NOK 325m in Q3 2016)
- Record portfolio acquisition volume for a third quarter of NOK 702m
 - NOK 2.2bn YTD and NOK 3.2bn LTM
- Solid investment capacity – NOK 3.3bn after increase in debt facilities of EUR 300m

Operational- and organisational developments

- B2H now has platforms in 19 countries and portfolios in 17 countries
- Regional structure implemented
- Obtained licence for managing NPLs in Greece and Hungary

A leading pan-European debt purchaser with 19 platforms and total gross ERC of NOK 12.2bn



Note: Total gross ERC includes the Group's share of portfolios owned by joint ventures

Another record quarter across the board

Financial summary

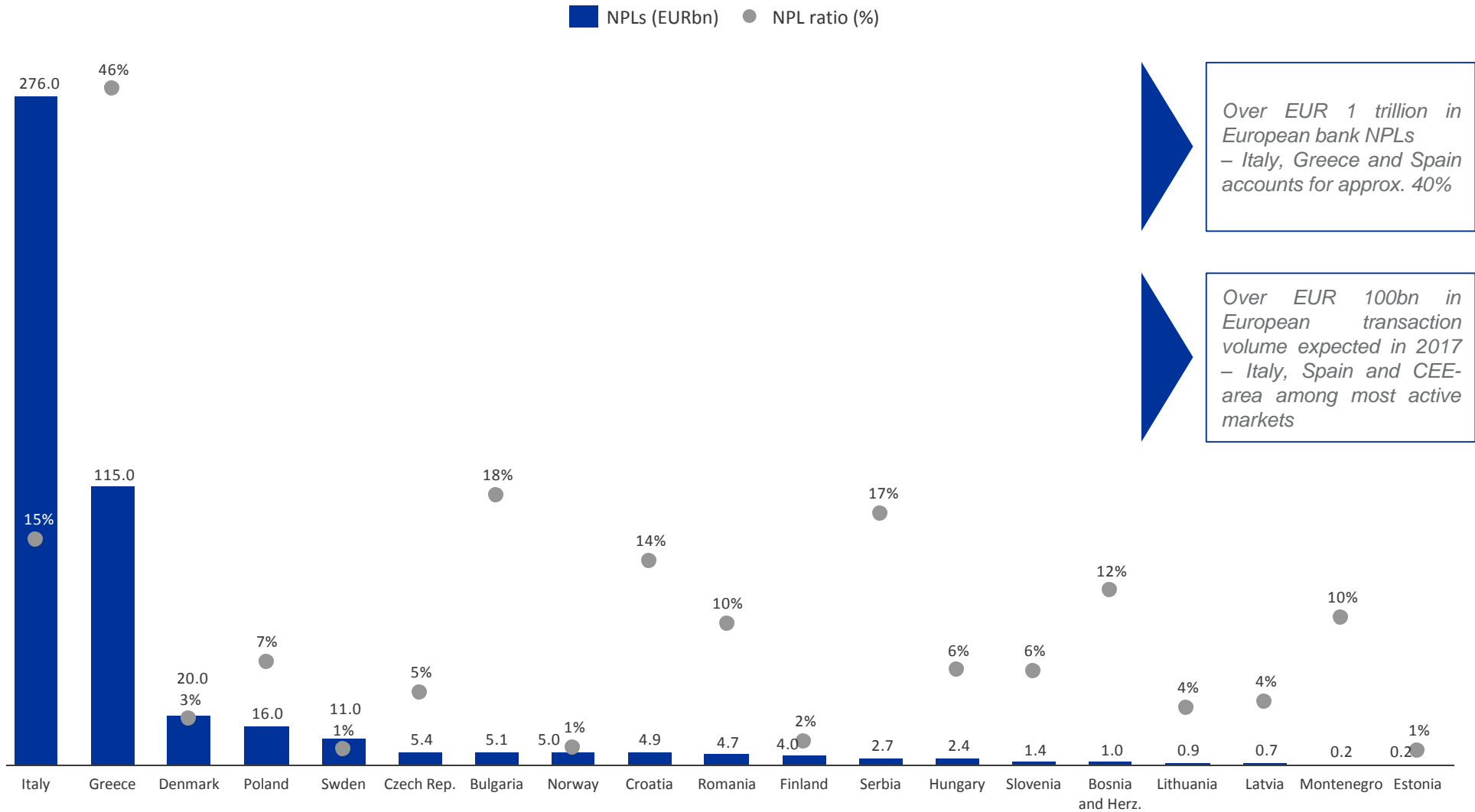
NOKm	Q3'17	Q3'16	% change
Net operating revenues	500	370	35%
EBITDA	262	174	50%
Operating profit (EBIT)	253	166	52%
<i>Profit margin</i>	51%	45%	
Cash Revenue	710	520	36%
Cash EBITDA	472	325	45%
Profit for the period after tax	113	44	156%
Earnings per share (EPS)	0.31	0.12	158%
Cash flow from operating activities	315	241	31%
Operating cash flow per share	0.85	0.65	31%
Portfolio acquisitions ¹⁾	702	255	175%
Cash collection from portfolios	650	474	37%
ERC (at end of month)	12,191	8,014	52%

Comments

- Record-high third quarter portfolio purchase volume
- Profit margin remains high in Q3 at 51%
- Another record quarter in terms of EBITDA, cash EBITDA, EBIT and net profit

¹⁾Including the Group's share of portfolio acquired and held in joint venture

NPL overview in B2H's markets



Source: EBA, ECB

Segment financials: *Northern Europe (NE)*

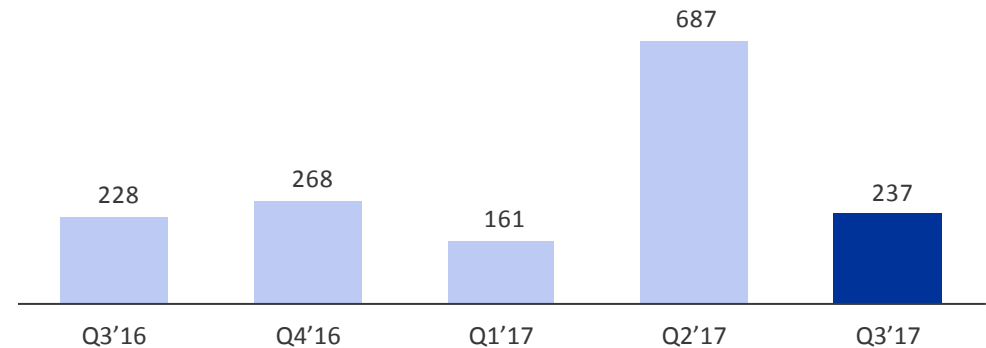


Comments

- Portfolio acquisition volume of NOK 237m (YTD NOK 1,084m)
- Gross cash collection NOK 215m, in line with the curve (NOK -5m revaluation of the curve)
- Operating margin 47%, expect stronger collection performance Q4
- Solid portfolio visibility in the pipeline
- Forward flow agreements are increasing

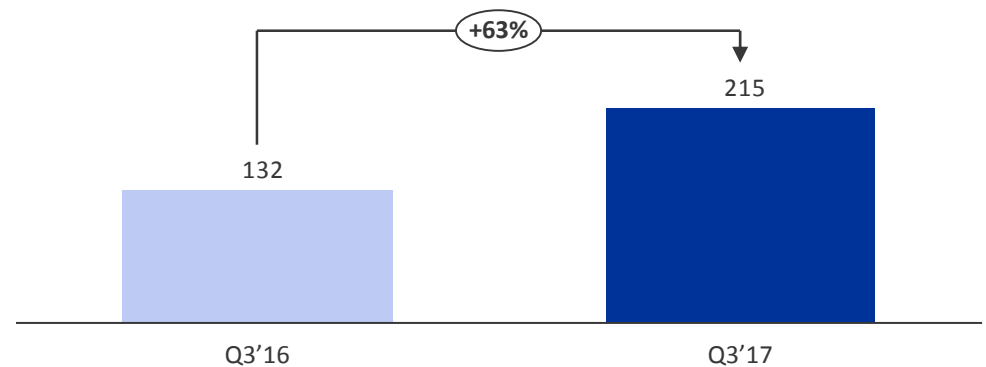
Purchased loan portfolios

NOK million



Gross cash collection on portfolios

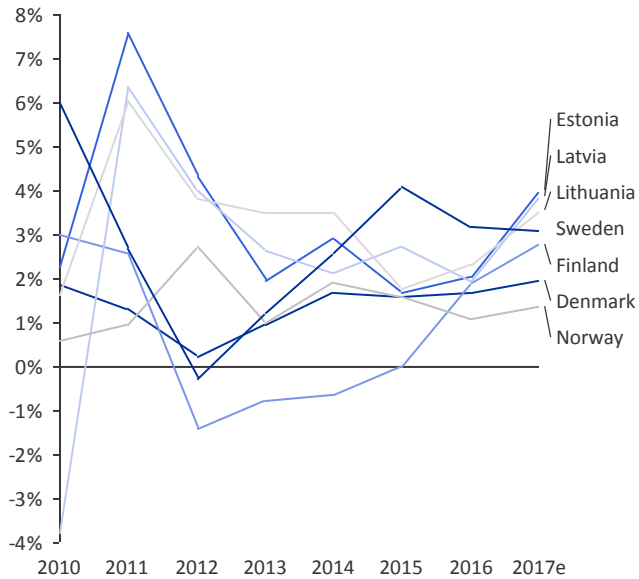
NOK million



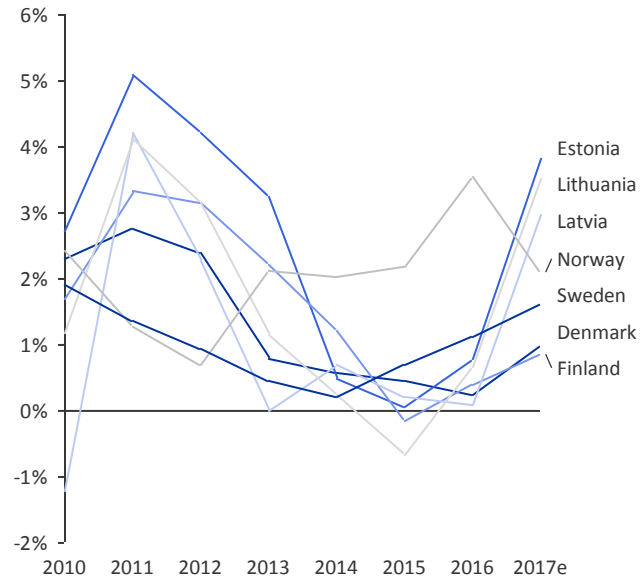
Economic indicators: Northern Europe (NE)



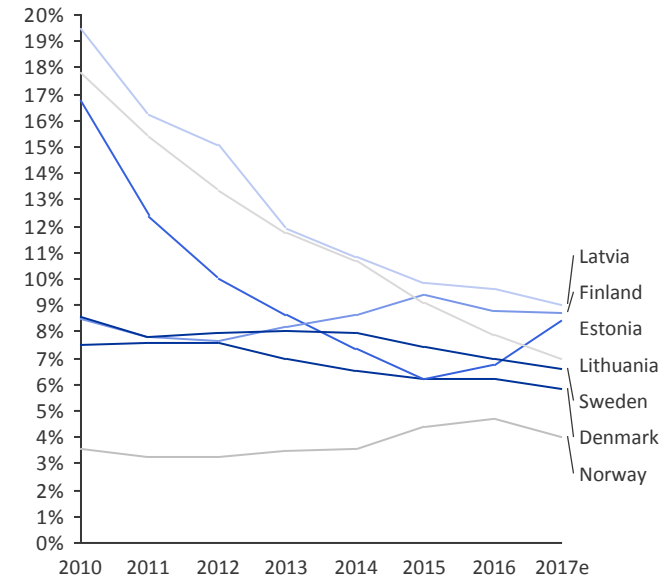
GDP growth



Inflation



Unemployment



Segment financials:

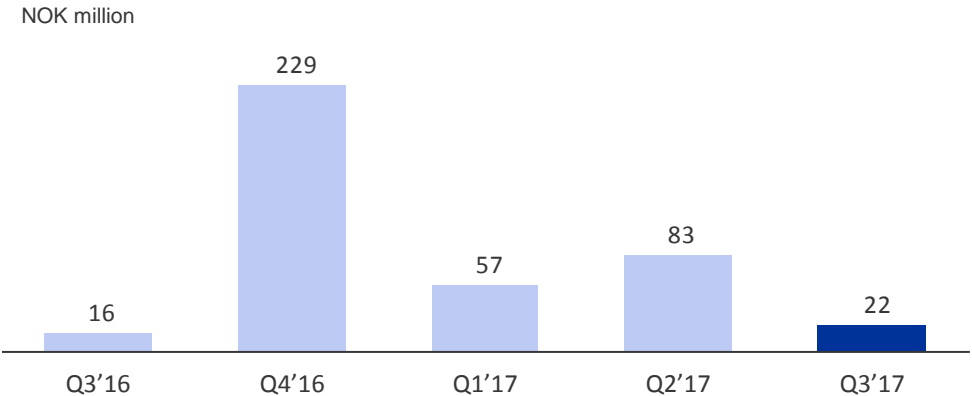
Poland (P)



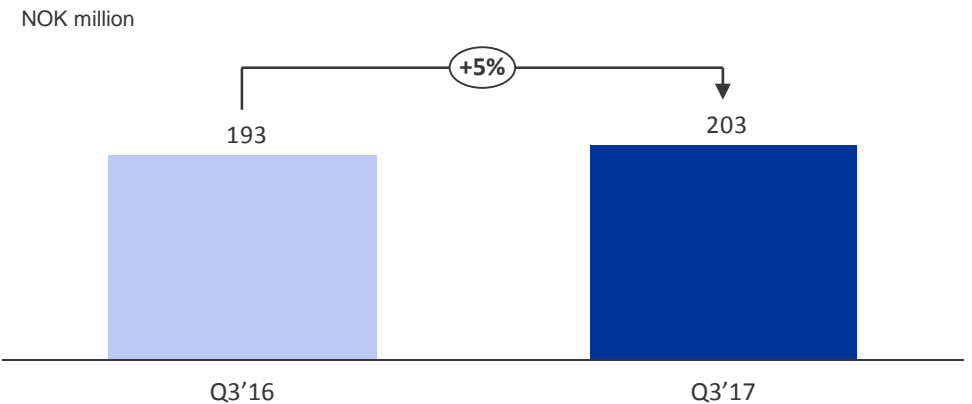
Comments

- Gross collection of NOK 203m, NOK 11m below the curve (NOK -13m revaluation of the curve)
 - Negative impact on legal collection due to bailiff “rush”
- Improved operating margin YTD 2017 from YTD 2016
- Costs incurred related to severance pay
- Portfolio purchases NOK 22m (YTD NOK 139m)
- Competitive market landscape continues
- Good macroeconomic development

Purchased loan portfolios



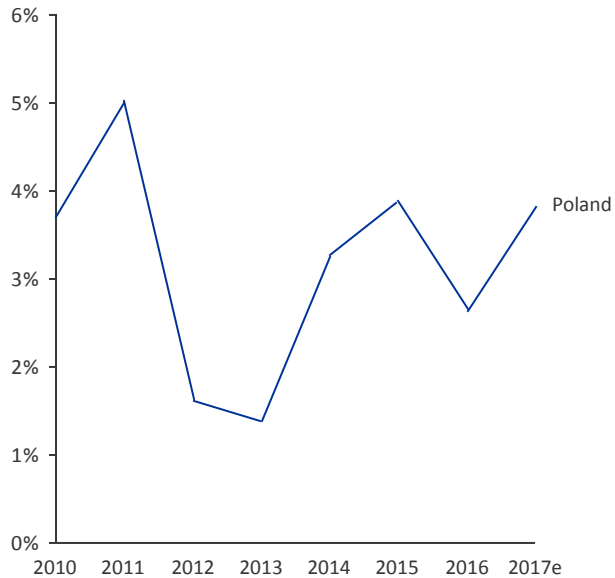
Gross cash collection on portfolios



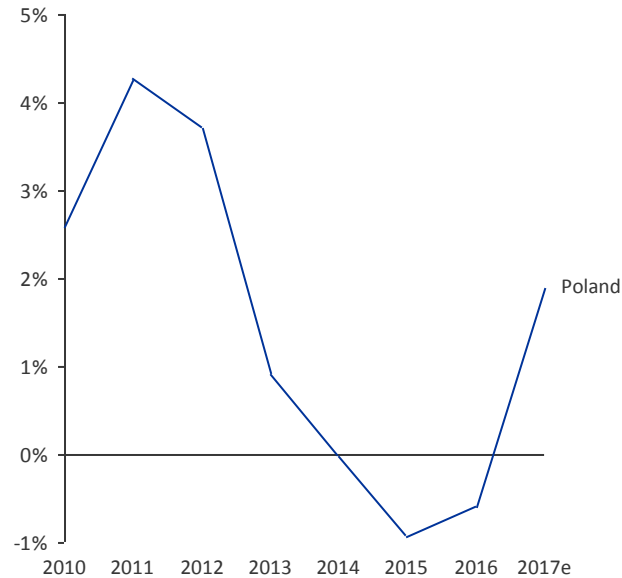
Economic indicators: *Poland (P)*



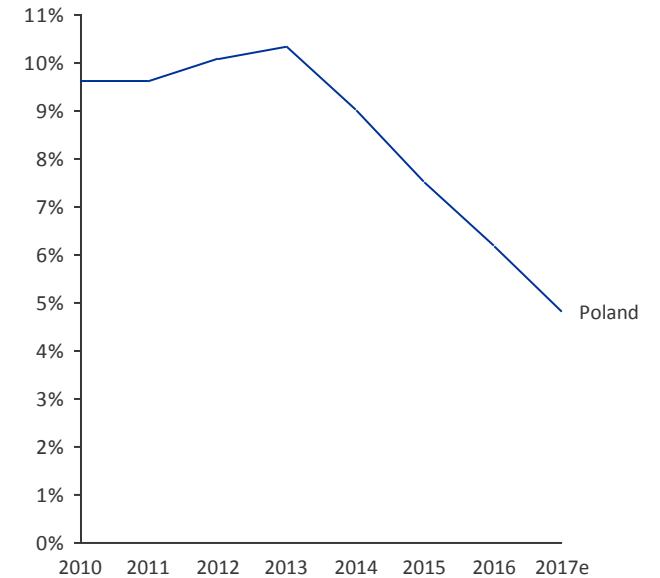
GDP growth



Inflation



Unemployment



Segment financials: *Central Europe (CE)*



Comments

- Gross collection of NOK 172m, NOK 13m above the curve
 - Strong operating performance continues

- Portfolio purchases NOK 111m (YTD NOK 491m)
 - Portfolio purchases in Italy NOK 63m (YTD NOK 284m)

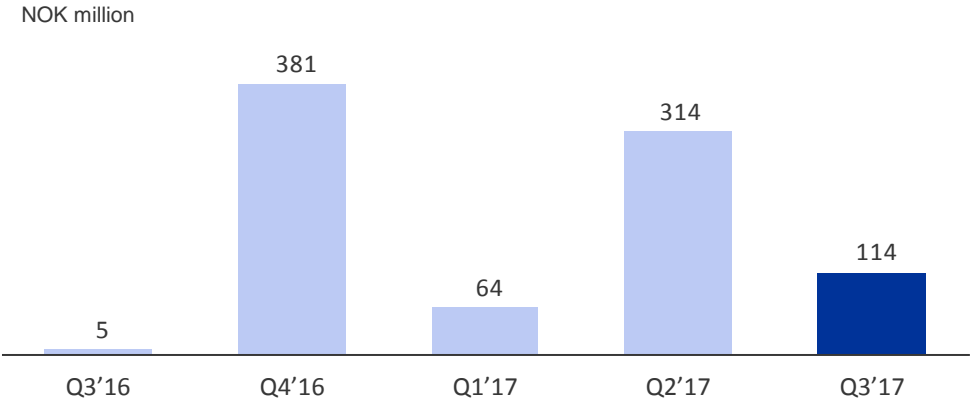
- Strong portfolio pipeline in all of the major countries in the region

- Received licence from the Hungarian National Bank for portfolio acquisition

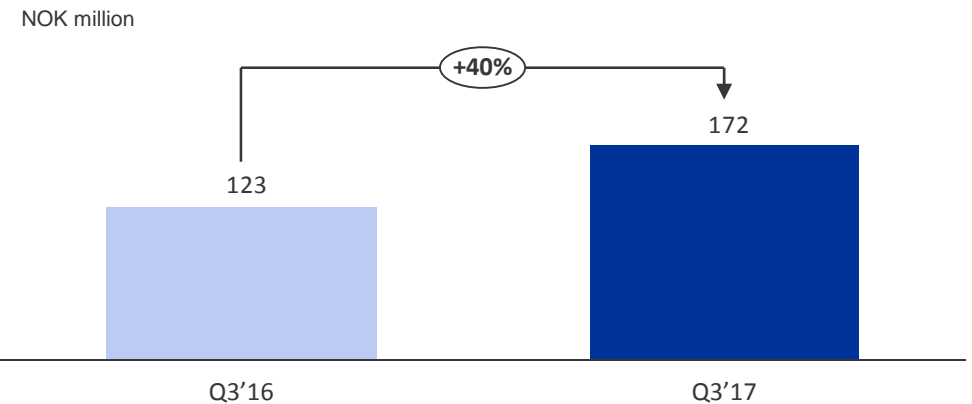
- Forward flow agreement in one country

- Strong economic growth in the region

Purchased loan portfolios



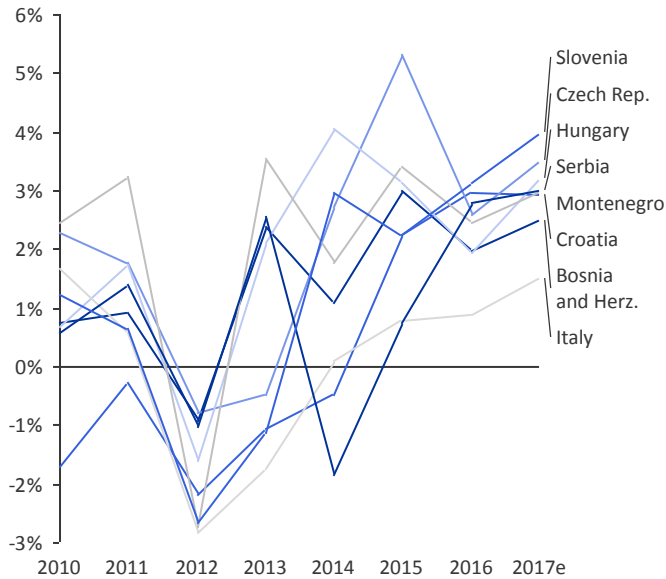
Gross cash collection on portfolios



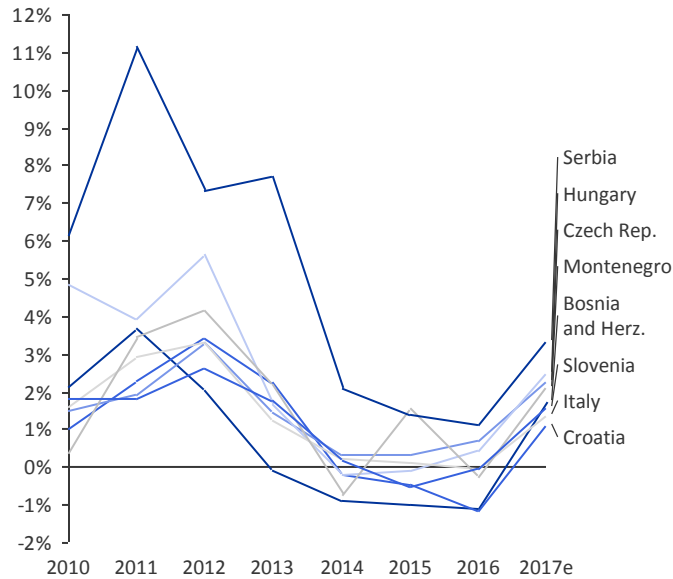
Economic indicators: *Central Europe (CE)*



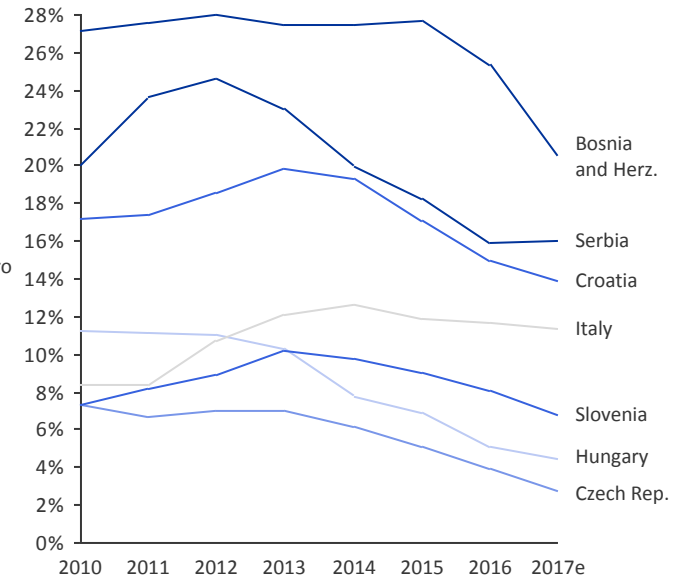
GDP growth



Inflation



Unemployment



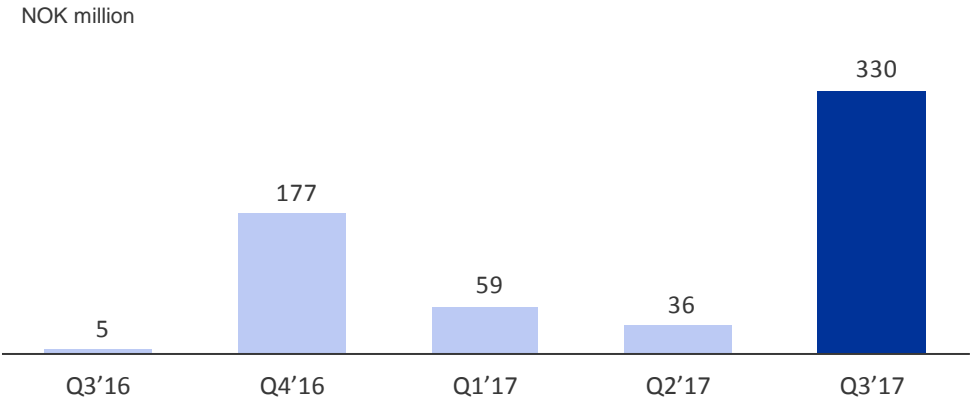
Segment financials: Southeastern Europe (SEE)



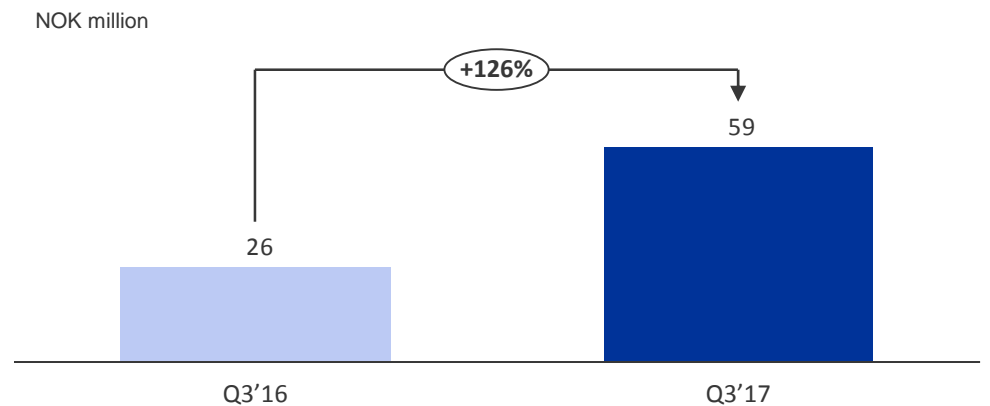
Comments

- Gross cash collection NOK 59m, NOK 3m above the curve (NOK +11m revaluation)
- Joint venture portfolio (with EOS) continue to perform above expectation
- Strong operational performance
- Obtained license from Bank of Greece for collecting on NPL-portfolios
- Good visibility of portfolio pipeline in all countries
- Forward flow agreements in two countries

Purchased loan portfolios¹⁾



Gross cash collection on portfolios²⁾



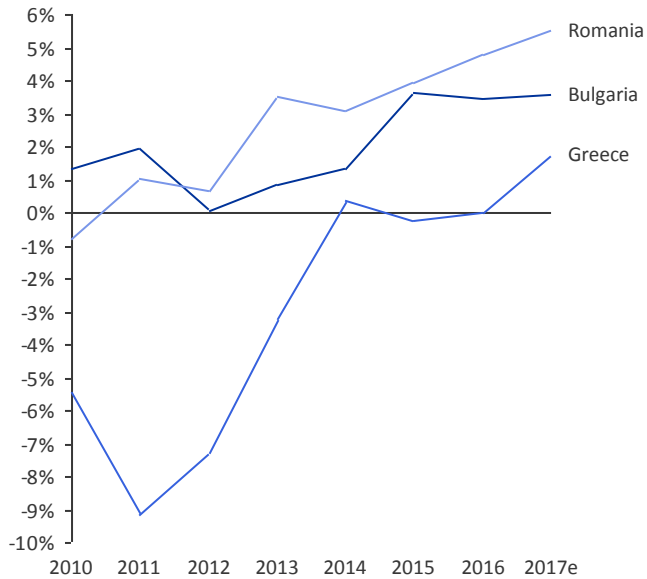
¹⁾Including JV with EOS in Q4'16

²⁾Not including JV with EOS

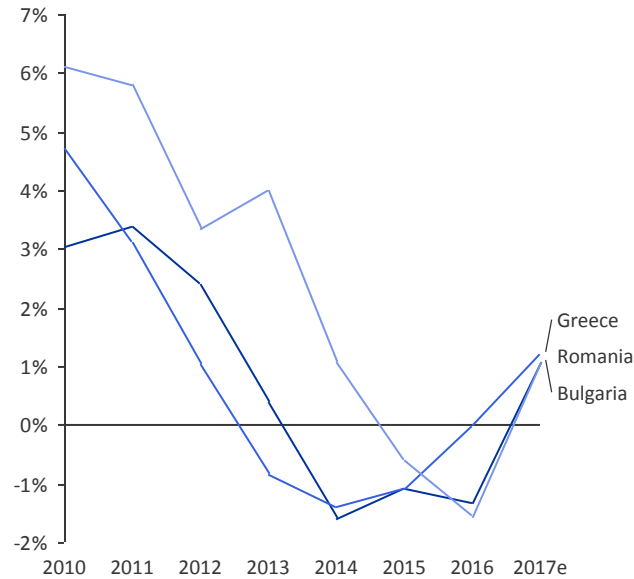
Economic indicators: Southeastern Europe (SEE)



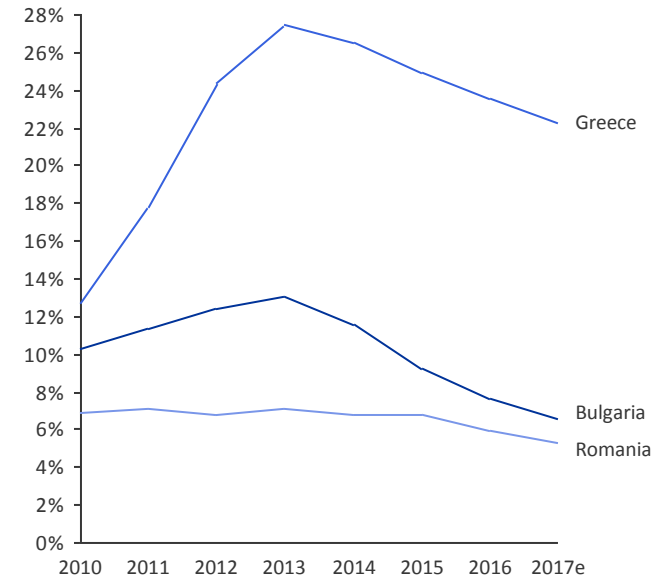
GDP growth



Inflation



Unemployment



Financial highlights: Income statement

Income statement

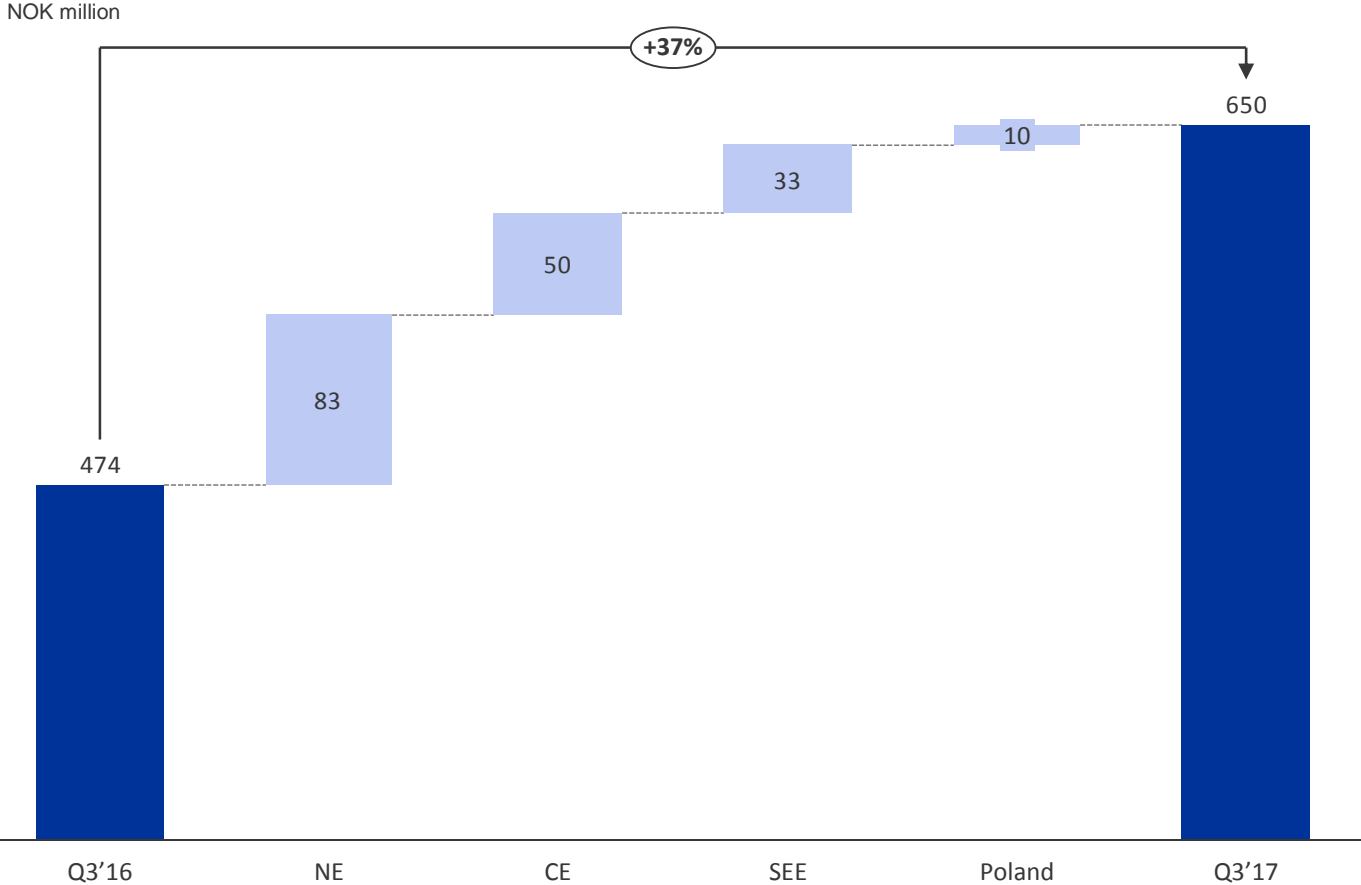
NOKm	2017 Q3	2016 Q3	2017 YTD	2016 YTD	2016 audited
Revenue from purchased loan portfolios	439	323	1,246	841	1,206
Other operating revenues	60	47	166	140	190
Total operating revenues	500	370	1,412	980	1,396
External costs of services provided	-65	-46	-217	-157	-244
Personnel costs	-123	-86	-336	-260	-359
Other operating expenses	-70	-64	-199	-177	-248
Depreciation and amortisation	-9	-8	-25	-22	-30
Profit from shares, associated companies and JVs	20	0	48	0	0
Operating profit (EBIT)	253	166	683	365	516
Financial income	1	1	2	7	10
Financial expenses	-91	-52	-251	-164	-232
Net exchange gain (loss)	-12	-65	-2	-74	-66
Net financial items	-102	-116	-251	-231	-288
Profit before tax	151	50	433	133	227
Income tax expense	-38	-6	-108	-28	-46
Net profit	113	44	324	105	181
Non-recurring items (net of tax)	0	1	0	20	20
Adjusted net profit	113	46	324	125	203
Cash revenue	710	520	1,995	1,454	2,061
Cash EBITDA	472	325	1,291	861	1,210
EBITDA	262	174	709	387	546

Comments

- Continued strong gross collection on portfolios in Q3: NOK 5m above the curves
 - Net revaluation NOK -7m
- Profit margin remains high at 51%
- Cost to collect YTD dropping due to economies of scale
- Record-high EBITDA, cash EBITDA, EBIT and net profit
- Higher interest costs due to higher drawn amount
- Taxes still high – increased losses carried forward not capitalized

Record gross collection, +37% to NOK 650m – strong growth in SEE, NE and CE

Bridge Q3'16-Q3'17: Gross cash collection on portfolios



Comments

- Strong gross cash collection, slightly above curves
- Solid growth in NE (+63%), CE (+40%) and SEE (+126%)
- Expect continued strong growth in SEE going forward

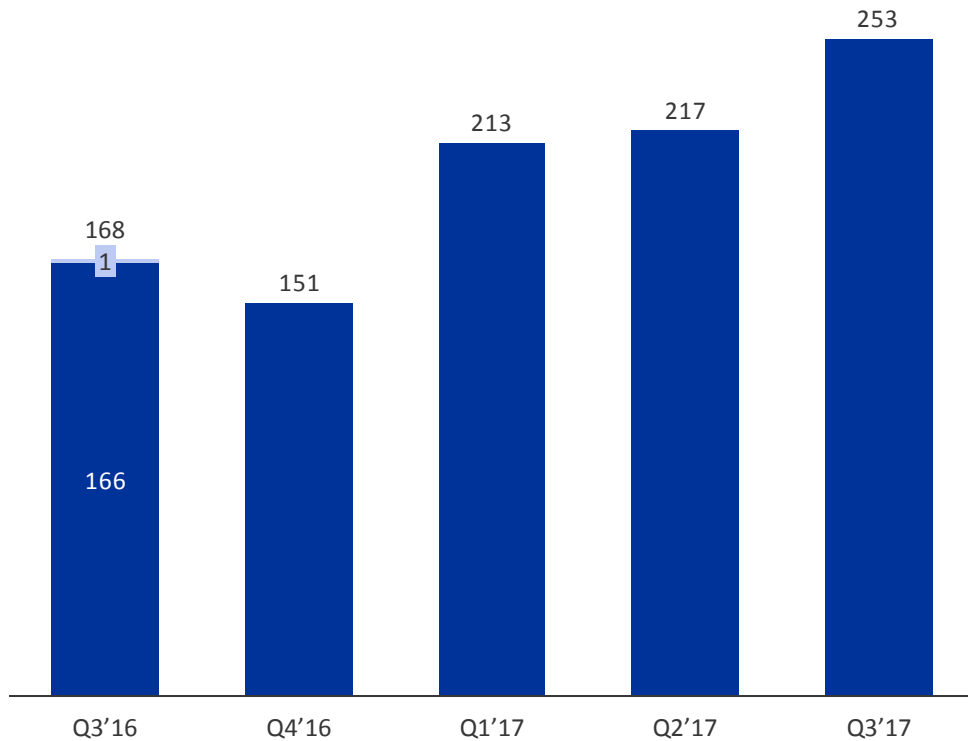
Note. Not including JV with EOS

Fifth consecutive record quarter in terms of cash EBITDA

EBIT

NOK million

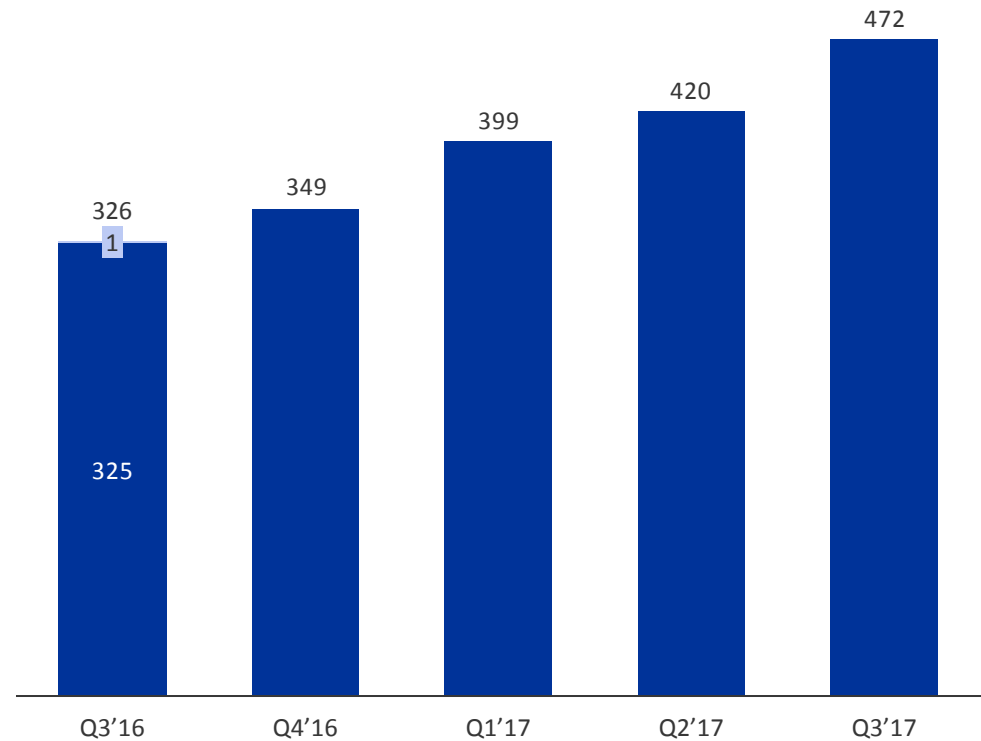
Non-recurring items
As reported



Cash EBITDA

NOK million

Non-recurring items
As reported

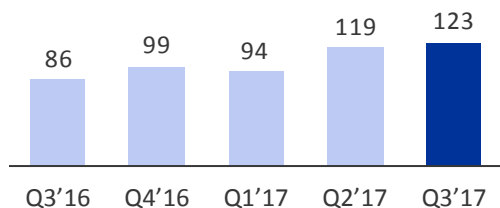


Continued focus on cost and economies of scale – cost of collect trending down

Operational costs split

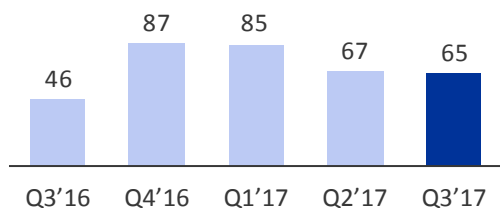
NOK million

Personnel costs



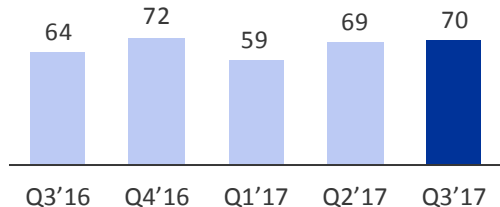
Personnel costs higher due to stock option program, costs related to severance pay in Poland and higher # of FTE

External costs



Lower legal costs – will increase some due to high portfolio purchases

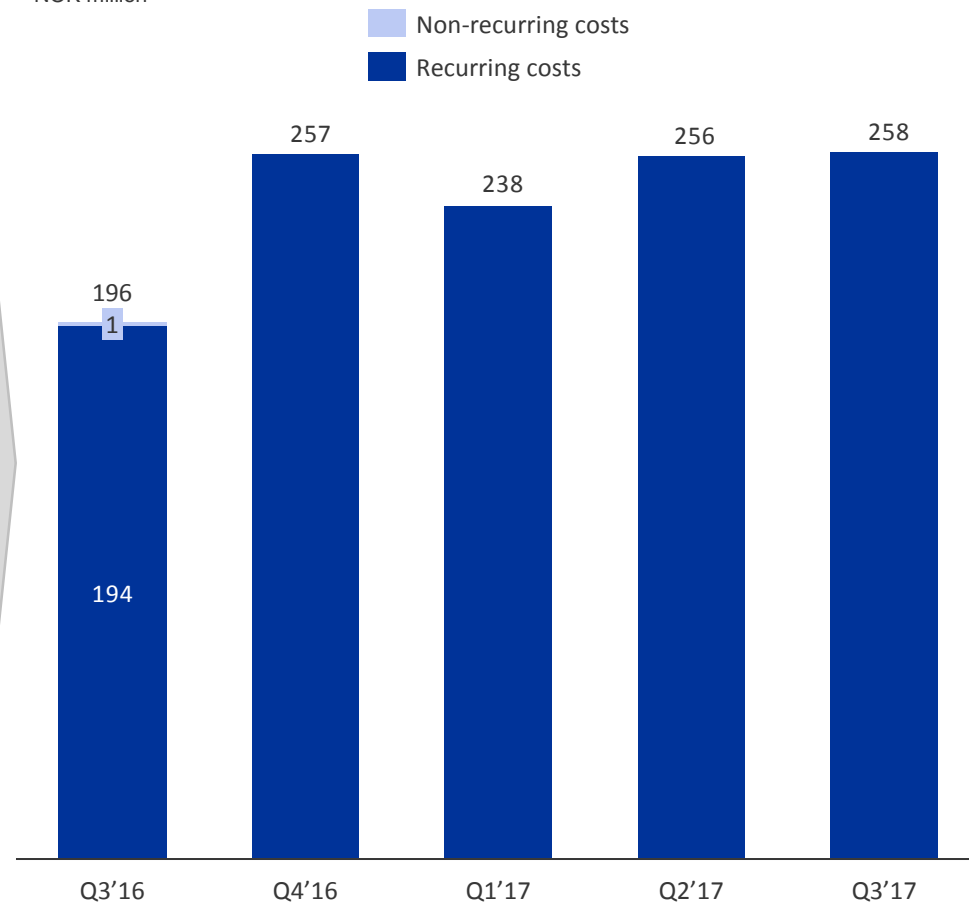
Other operating costs



New projects increased costs somewhat this quarter

Total operational costs per quarter

NOK million



Balance sheet

Balance sheet

NOKm	2017 Q3	2016 Q3	2016 audited
Tangible and intangible assets	92	83	91
Goodwill	419	392	395
Purchased loan portfolios	6,577	4,038	4,752
Other long-term financial assets	558	297	507
Deferred tax asset	70	23	64
Total non-current assets	7,716	4,834	5,808
Other short-term assets	243	91	123
Cash & short-term deposits	333	222	218
Total current assets	576	313	340
Total assets	8,292	5,147	6,149
Total equity	2,819	2,362	2,425
Long-term interest bearing loans and borrowings	4,876	2,357	3,218
Deferred tax liabilities	48	46	51
Other long-term liabilities	70	67	65
Total non-current liabilities	4,994	2,470	3,333
Accounts and other payables	91	94	156
Income tax payable	64	18	62
Other short-term liabilities	323	202	172
Total current liabilities	479	314	391
Total equity and liabilities	8,292	5,147	6,149

Comments

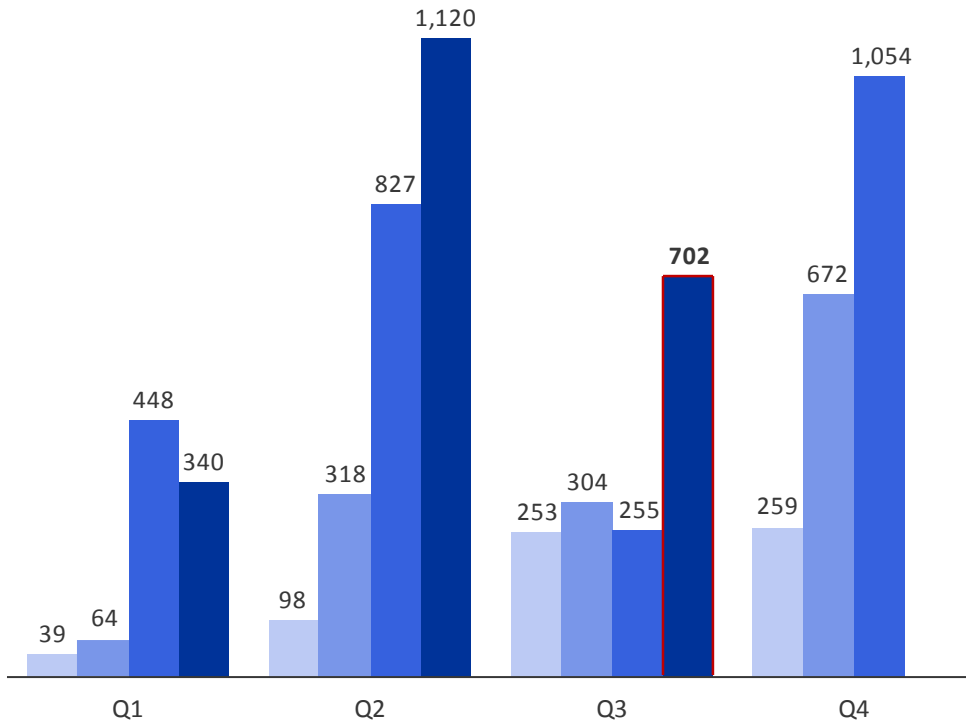
- Increase in purchased loan portfolios with 63% due to record-high portfolio acquisition volume and currency effect YTD (NOK 246m)
- Equity ratio 34%
- Investment capacity NOK 3.3bn
- Net interest bearing debt NOK 4,690m
- Significant headroom for growth in financial covenants

NOK 3.2bn in portfolio purchases LTM, up 46% from 2016

Portfolio purchases

NOK million

2014 2015 2016 2017

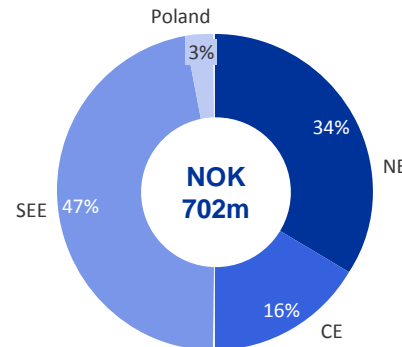


Comments

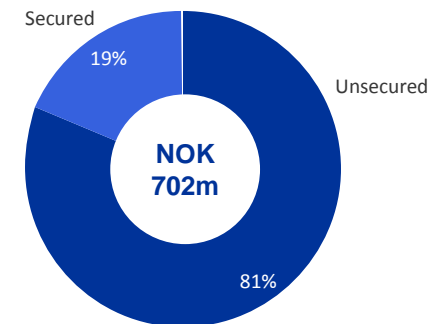
- Record strong volume for a third quarter (usually a less busy quarter)
- Portfolio purchases in all regions present during the quarter, 81% unsecured
- NOK 2.2bn in purchases YTD: 50% from Northern Europe, 23% Central Europe, 20% Southeastern Europe and 7% from Poland
- NOK 3.2bn in purchases last 12 months

Key details portfolio purchases

Geography distribution



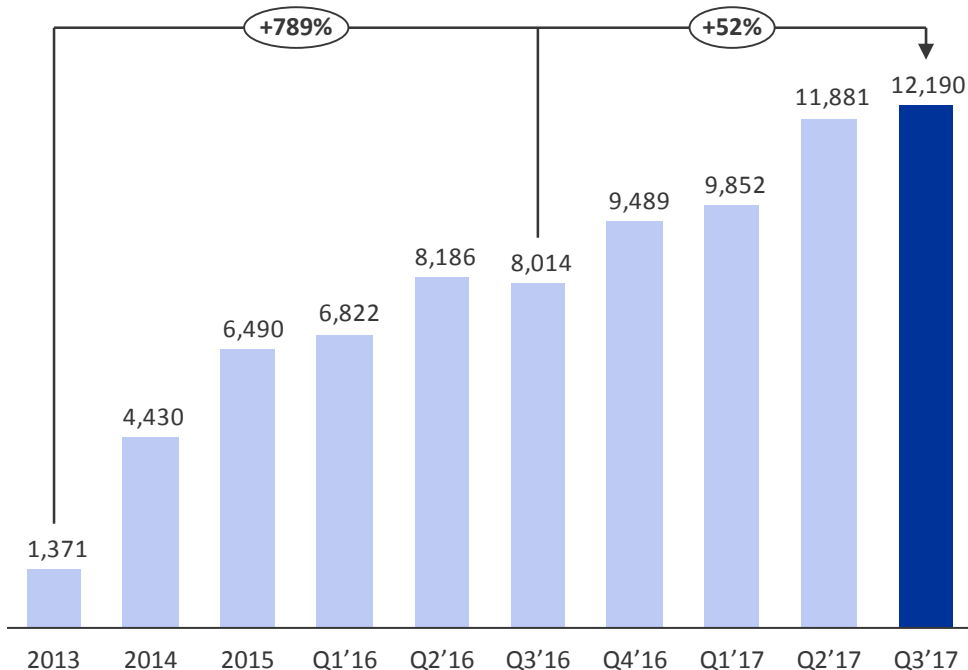
Distribution by type



Highly diversified portfolio yielding stable and predictable cash flows: total gross ERC of approx. NOK 12.2bn (52% growth y-o-y)

Development in total gross ERC

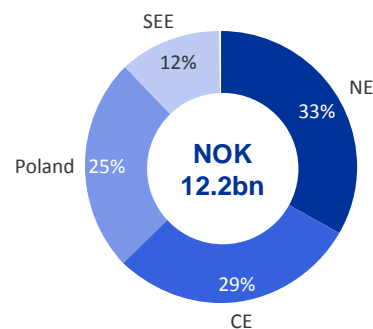
NOK million



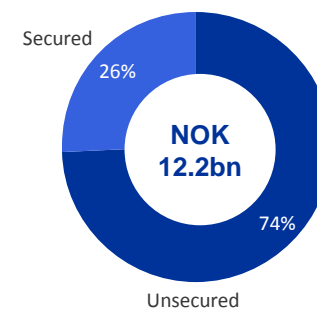
Portfolio details (total gross ERC)

NOK million

Geography distribution



Distribution by type



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
NE	830	637	506	410	332	273	219	169	123	92	3,591	4,040
Poland	713	604	442	327	243	174	125	90	58	38	2,816	2,902
CE	198	192	183	152	119	94	59	45	25	12	1,081	1,083
SEE	238	264	197	135	90	53	32	13	2	0	1,024	1,024
Sum	1,979	1,698	1,328	1,024	784	595	436	318	208	142	8,512	9,049

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
NE	0	1	2	0	0	0	0	0	0	0	3	3
Poland	31	43	53	9	5	3	2	1	1	1	148	152
CE	746	1,063	456	210	21	5	3	0	0	0	2,504	2,504
SEE	160	164	107	37	13	1	0	0	0	0	482	482
Sum	937	1,271	618	256	39	9	5	1	1	1	3,137	3,142

Total	2,916	2,968	1,946	1,279	824	603	441	319	210	143	11,649	12,191
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Outlook

Expected continued growth in 2017 – strong focus on operational performance

Financial

- Well positioned for further growth with platforms in 19 markets (including new licences in Greece and Hungary)
- Significant investment capacity, NOK 3.3bn, and covenant headroom for future growth
- Focus on financial targets

Operational and organisational

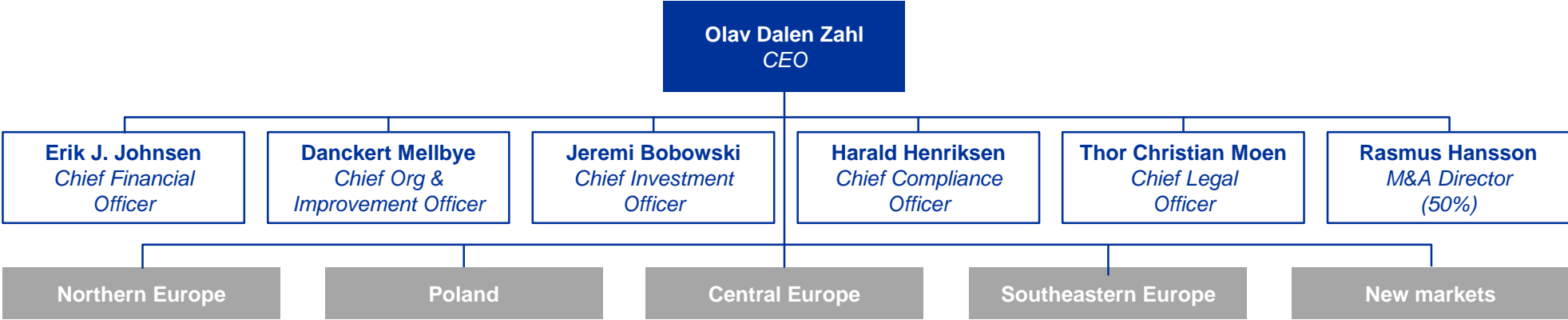
- Strong pipeline within both secured and unsecured portfolios – geographically diversified
- Strong focus on operational efficiency
- Access to the largest NPL markets in Europe through the platforms in Greece and Italy
 - Evaluating M&A opportunities in new markets

Agenda



Appendices

Organisational overview

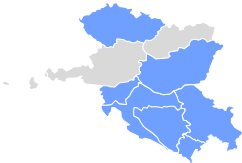


Scandinavia:
RD: Henrik Wennerholm
 - Norway
 - Sweden
 - Denmark

Finland & Baltics:
RD: Kari Ahlström
 - Finland
 - Estonia
 - Latvia
 - Lithuania



RD: Adam Parfiniewicz
 - Poland



RD: Ilija Plavcic
 - Croatia
 - Slovenia
 - Serbia
 - Hungary
 - Bosnia and Herzegovina
 - Montenegro
 - Czech Republic



RD: Christos Savvides
 - Bulgaria
 - Romania
 - Greece



RD: Rasmus Hansson (50%)
 - Italy (part of Central Europe)

Financial highlights: Cash flow

Consolidated cash flow

NOKm	2017 Q3	2016 Q3	2017 YTD	2016 YTD	2016 audited
Profit for the period before tax	151	50	433	133	227
Amortisation/revaluation of purchased loan portfolios	211	151	582	474	664
Adjustment other non-cash items	9	9	26	28	37
Interest expense on loans	91	55	250	161	227
Interest paid on loans and borrowings	-78	-45	-221	-131	-184
Unrealised foreign exchange differences	19	63	-29	94	180
Income tax paid during the year	-24	-6	-113	-47	-60
Change in working capital	-54	-8	-63	-42	-69
Change in other balance sheet items	-10	-29	-8	-62	-115
Net cash flow from operating activities	315	241	857	608	908
Purchase of loan portfolios	-883	-286	-2,306	-1,567	-2,530
Net investments in intangible and tangible assets	-5	-4	-20	-12	-27
Investments in business acquisitions	-	-2	-30	-250	-262
Net cash flow from investing activities	-888	-292	-2,356	-1,829	-2,819
Net new share issue	-	35	-	662	662
Net receipts (payments) on loans / borrowings	546	0	1,514	-28	738
Dividends paid	-	-	-55	-	0
Net cash flow from financing activities	546	35	1,459	634	1,400
Net cash flow in the period	-27	-16	-40	-586	-511
Cash and cash equivalents at beginning of the period	227	169	218	765	765
Exchange rate difference on cash	-14	-4	8	-30	-36
Cash and cash equivalents at end of the period	186	149	186	149	218

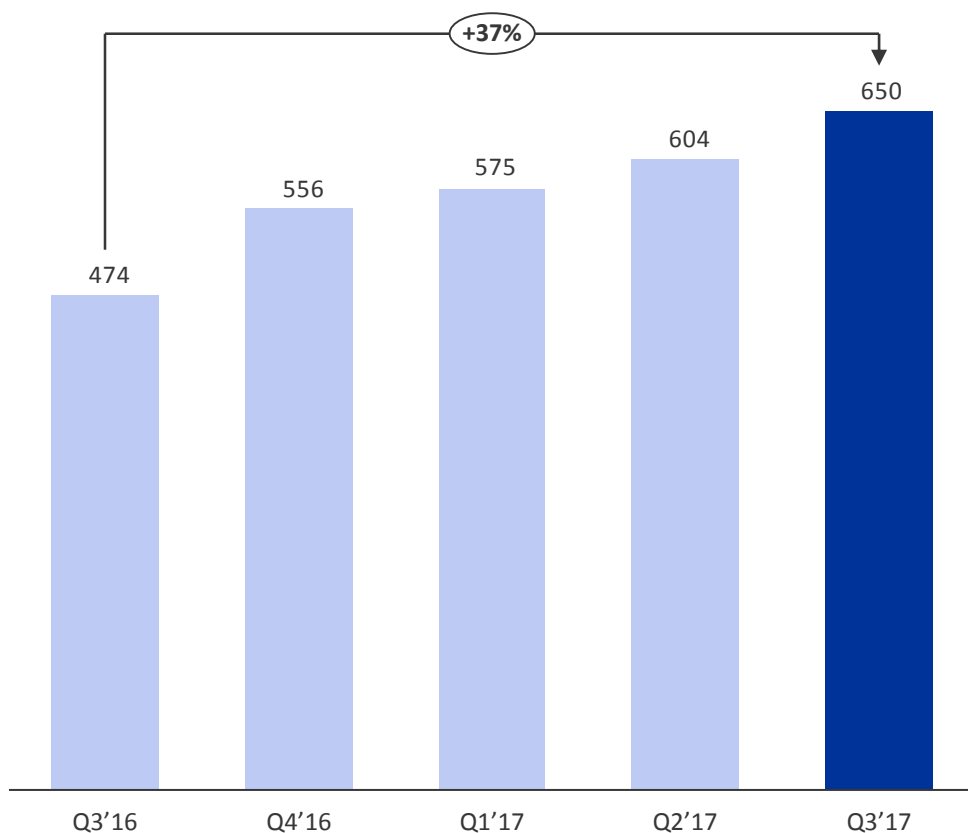
Comments

- Net cash flow from operating activities increases

Cash collection and net operating revenue at record-high levels

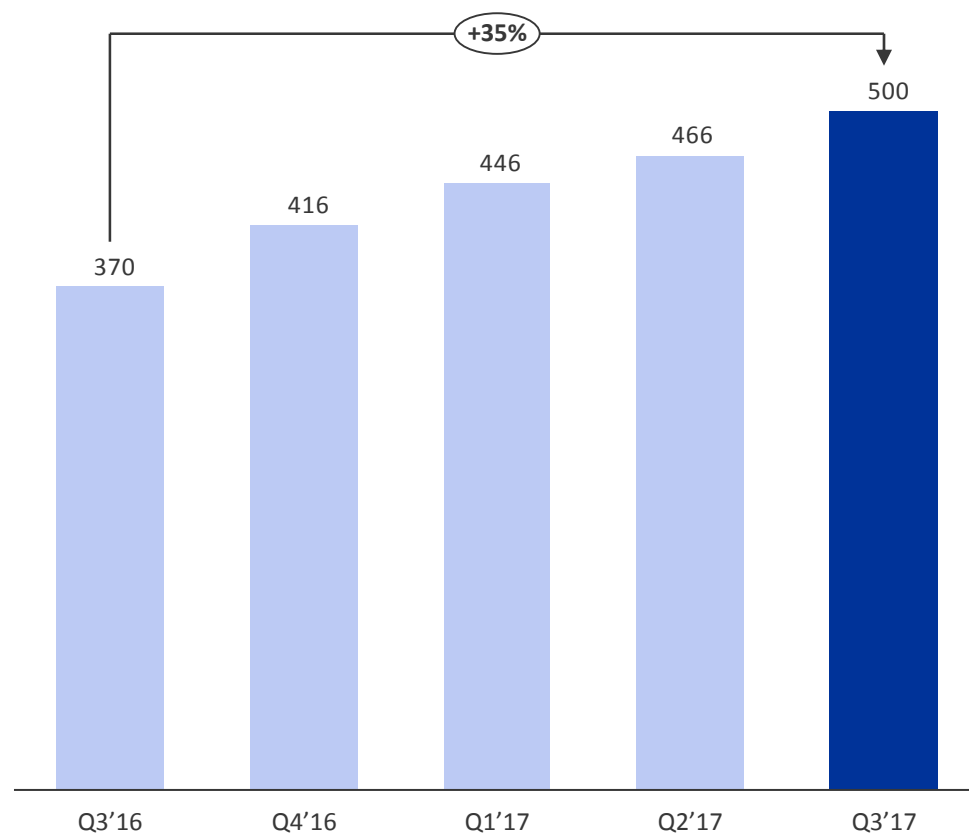
Gross cash collection on portfolios

NOK million



Net operating revenue

NOK million



20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	51,118,519	13.85 %
2	RASMUSSENGRUPPEN AS	43,073,236	11.67 %
3	VALSET INVEST AS	24,000,000	6.50 %
4	STENSHAGEN INVEST AS	16,899,549	4.58 %
5	INDIGO INVEST AS	15,642,619	4.24 %
6	VERDIPAPIRFONDET DNB NORGE (IV)	9,982,640	2.70 %
7	JPMORGAN CHASE BANK, N.A., LONDON	9,021,257	2.44 %
8	BRYN INVEST AS	8,676,690	2.35 %
9	ARCTIC FUNDS PLC	7,334,734	1.99 %
10	VERDIPAPIRFONDET ALFRED BERG GAMBA	6,230,354	1.69 %
11	EVERMORE GLOBAL VALUE FUND	5,816,208	1.58 %
12	GREENWAY AS	5,802,368	1.57 %
13	FOREIGN AND COLONIAL INVESTMENT	5,584,759	1.51 %
14	VERDIPAPIRFONDET DNB NORGE SELEKTI	5,346,761	1.45 %
15	SWEDBANK ROBUR NORDENFON	5,000,000	1.35 %
16	VEVLEN GÅRD AS	4,500,000	1.22 %
17	VERDIPAPIRFONDET PARETO INVESTMENT	3,536,664	0.96 %
18	STOREBRAND NORGE I VERDIPAPIRFOND	3,401,201	0.92 %
19	VERDIPAPIRFONDET ALFRED BERG NORGE	3,357,588	0.91 %
20	DNB NOR MARKETS, AKSJEHAND/ANALYSE	3,328,000	0.90 %
	Other	131,467,451	35.62 %
	Total	369,120,598	100 %

Note: Updated per 13 November 2017



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