

Q1 2017 presentation



Oslo, 24 May 2017

B2Holding status update Q1 2017

Overview

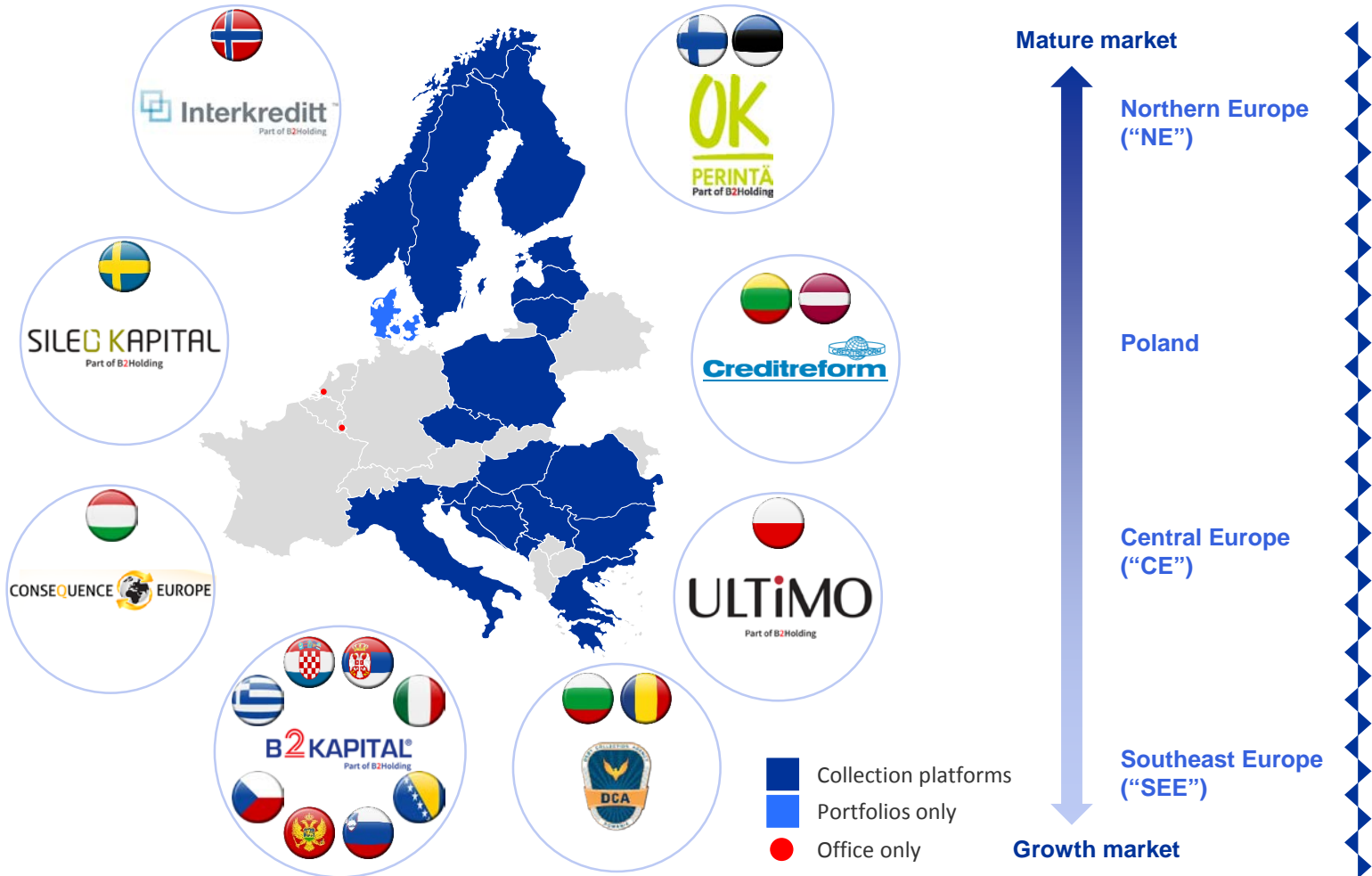
Financial developments

- Gross cash collection on portfolios above expectations – total NOK 575m (vs. NOK 413m Q1 2016)
- Cash EBITDA increased 47% to NOK 399m (NOK 271m Q1 2016)
- High geographical diversity in portfolio acquisitions – NOK 340m (vs. NOK 448m Q1 2016)
- High investment capacity – NOK 1,845m

Operational- and organisational developments

- Geographical expansion with platforms in 18 countries and portfolios in 17 countries - new portfolios in Czech, Italy and Bosnia-Hercegovina
- Record strong operating performance in first quarter with operating margin of 48%
- Core team for secured assets in operation in seven countries

18 platforms, total gross ERC of NOK 9.85bn



Platforms	18
Countries with portfolios	17
Employees (FTEs)	1,591
Total Gross ERC (NOKm)	9,852

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

Segment financials

Northern Europe (NE)

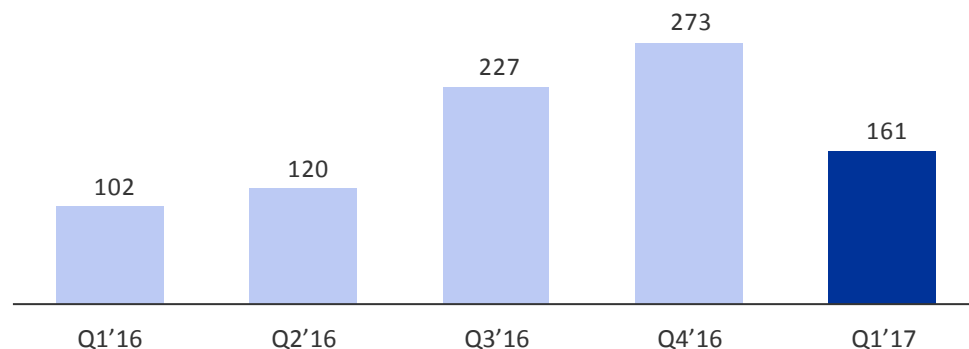


Comments

- Strong operating performance – operating margin 44%
- Gross cash collection NOK 149m, slightly below the curve (-NOK 2m)
- Portfolio purchases of NOK 161m – mainly from forward flow agreements
 - New forward flow agreements signed in Finland and Sweden
- SVC in Lithuania acquired – 3rd party collection platform
- Increased activity in the Baltics
- Solid portfolio visibility in the pipeline

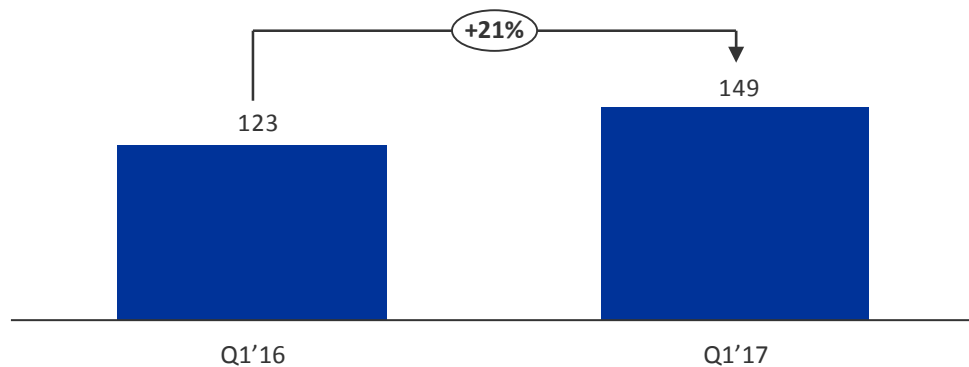
Purchased loan portfolios

NOK million



Gross cash collection on portfolios

NOK million



Segment financials

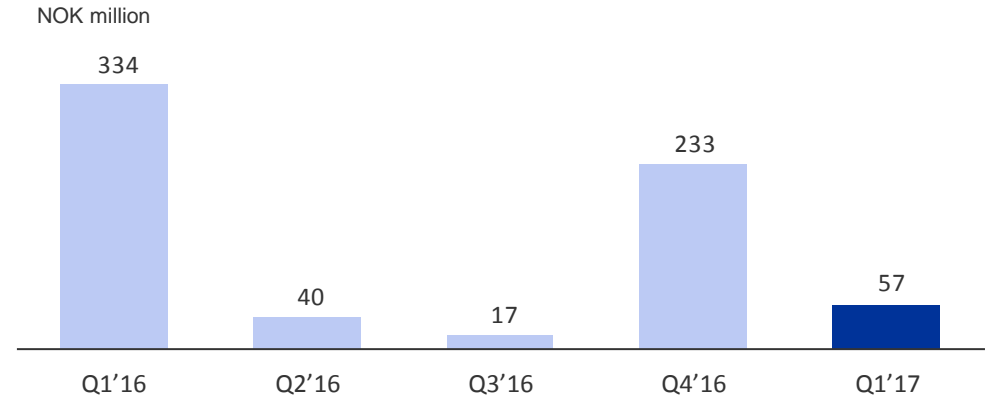
Poland



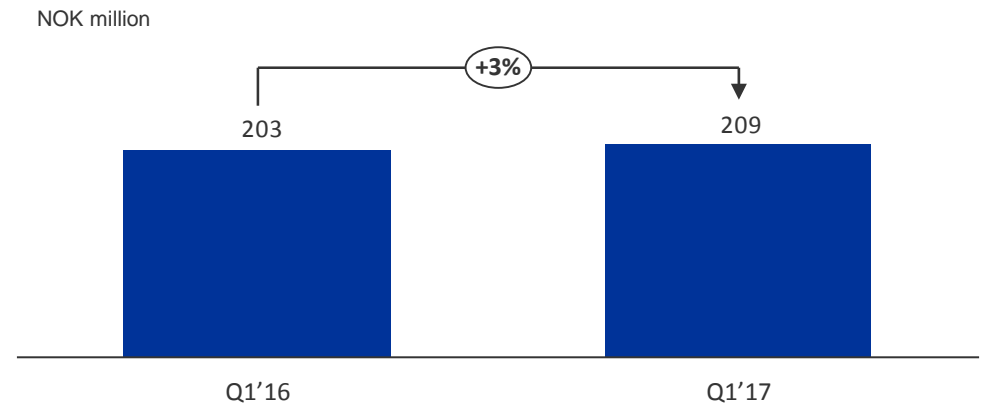
Comments

- Gross collection of NOK 209m, significantly above the curve (+NOK 23m)
- High legal costs – expected to be lower going forward
- Portfolio purchases NOK 57m
- Competitive market landscape
- Good macroeconomic development
- Further restructuring of the bailiff system possible

Purchased loan portfolios



Gross cash collection on portfolios



Segment financials

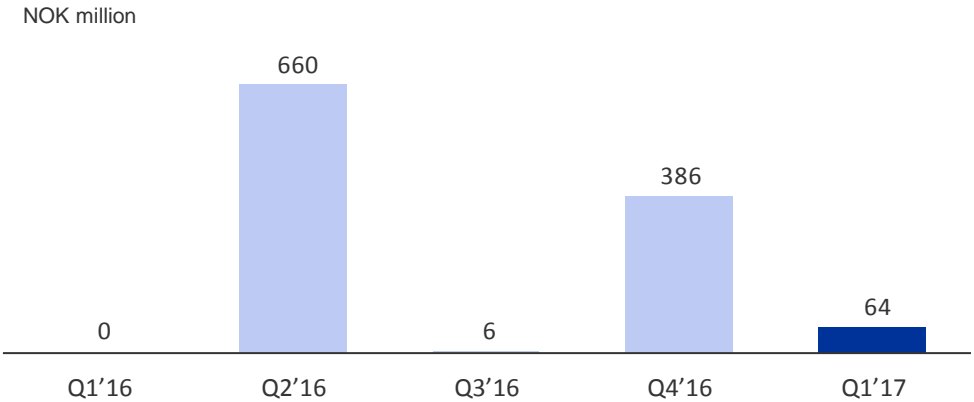
Central Europe (CE)



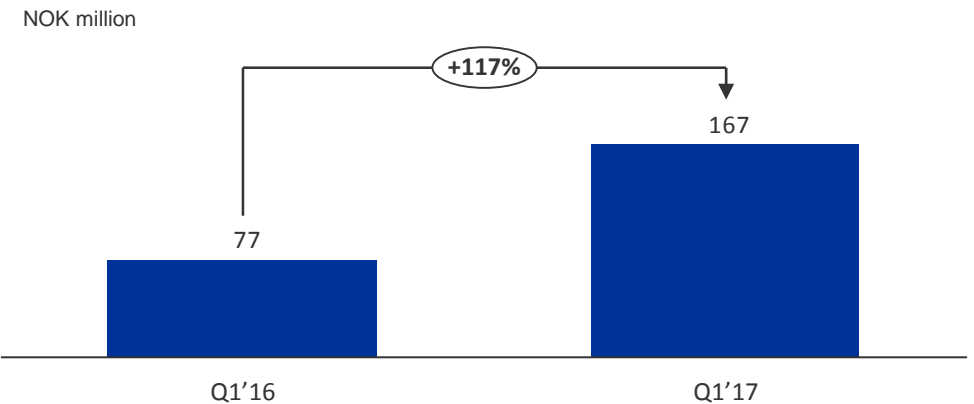
Comments

- Gross collection of NOK 167m, above the curve (+NOK 6m)
- Operating performance increase - cost to collect in % falling
- Portfolio purchases NOK 64m
- New portfolio markets – Czech, Italy and Bosnia- Hercegovina
- Strong portfolio pipeline
- Strong economic growth

Purchased loan portfolios



Gross cash collection on portfolios



Segment financials: *Southeast Europe (SEE)*

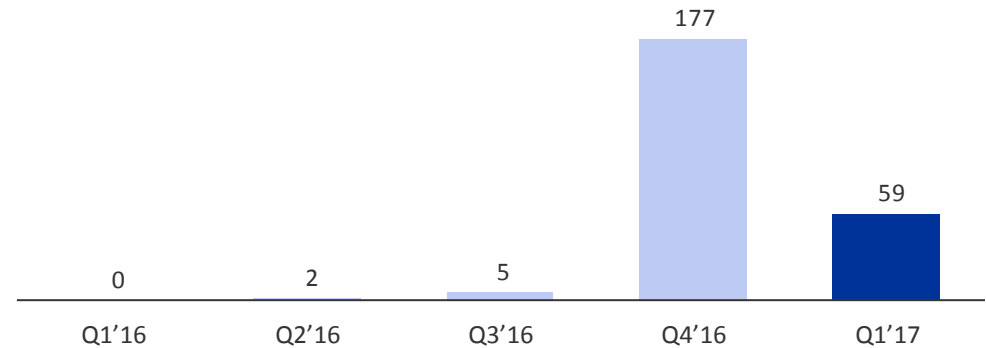


Comments

- Gross cash collection NOK 49m, above the curve (+NOK 4m)
- Good operational performance – cost to collect percentage is decreasing
- Greek collection licence application submitted
- Good visibility of portfolio pipeline

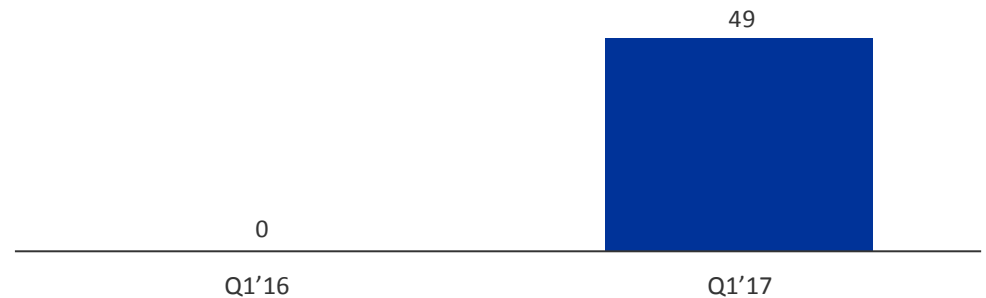
Purchased loan portfolios¹⁾

NOK million



Gross cash collection on portfolios²⁾

NOK million



¹⁾Including JV with EOS in Q4'16

²⁾Not including JV with EOS

Continued good collection and operational performance

- Record high EBITDA and cash EBITDA

Financial summary

NOKm	Q1'17	Q1'16	% change
Net operating revenues	446	279	60%
EBITDA	221	92	140%
Operating profit (EBIT)	213	85	151%
<i>Profit margin</i>	48%	30%	
Cash Revenue	625	459	36%
Cash EBITDA	399	272	47%
Profit for the period after tax	104	-2	
Earnings per share (EPS)	0.28	-0.01	
Cash flow from operating activities	211	135	56%
Operating cash flow per share	0.57	0.43	33%
Portfolio acquisitions	340	448	-24%
Cash collection from portfolios	575	413	39%
ERC (at end of month)	9,852	6,822	44%

Comments

- Strong gross collection on portfolios
 - Collection above curves
- Strong cost control – operating margin of 48%
- Record-high EBITDA and cash EBITDA
- Portfolio acquisition – smaller portfolios in all geographies

Financial highlights: Income statement

Income statement

NOKm	Q1'17	Q1'16	2016 audited
Revenue from purchased loan portfolios	397	233	1,206
Other operating revenues	50	46	190
Total operating revenues	446	279	1,396
External costs of services provided	-85	-53	-244
Personnel costs	-94	-81	-359
Other operating expenses	-59	-53	-248
Depreciation and amortisation of tangible and intangible assets	-8	-7	-30
Profit from shares and participation in associated companies and JVs	13	0	0
Operating profit (EBIT)	213	85	516
Financial income	0	1	10
Financial expenses	-74	-57	-232
Net exchange gain (loss)	-1	-23	-66
Net financial items	-75	-79	-288
Profit before tax	138	6	227
Income tax expense	-35	-8	-46
Net profit	104	-2	181
Non-recurring items (net of tax)	0	9	20
Adjusted net profit	104	7	203
Cash revenue	625	459	2,061
Cash EBITDA	399	272	1,210
EBITDA	221	92	546

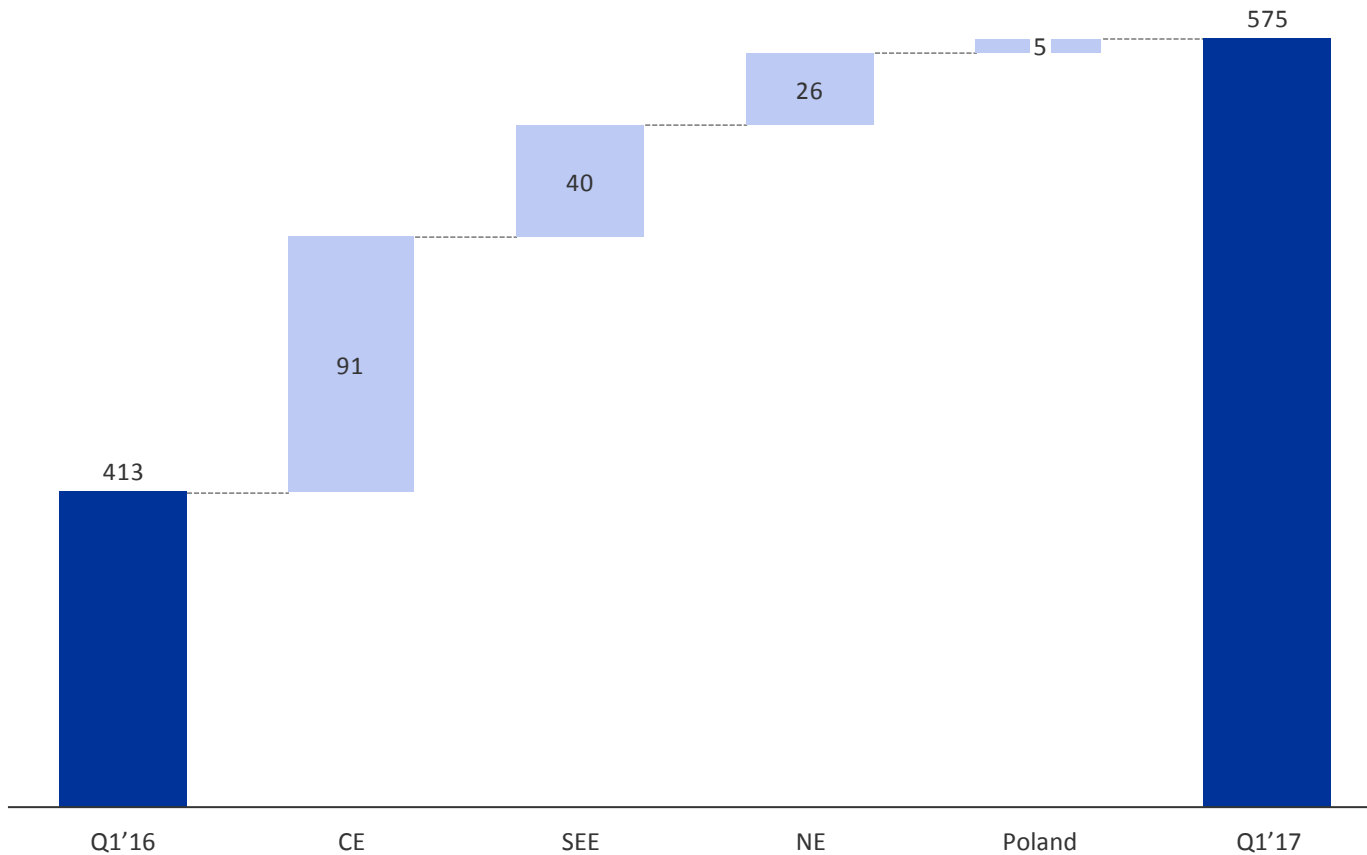
Comments

- Strong gross cash collection
- Other operating revenue stable
- Good cost control – still high filings of legal claims in Poland
- Financing – interest include commitment fee on undrawn amount – high investment capacity
- Tax costs temporarily higher

Gross collection increase YoY of 39% to NOK 575m

Bridge Q1'16-Q1'17: Gross cash collection on portfolios

NOK million



Comments

- Strong gross cash collection compared to curves in Poland, SEE and CE
- Good growth in NE (+21%) and CE (+117%)
- Poland maintain position in highly competitive market

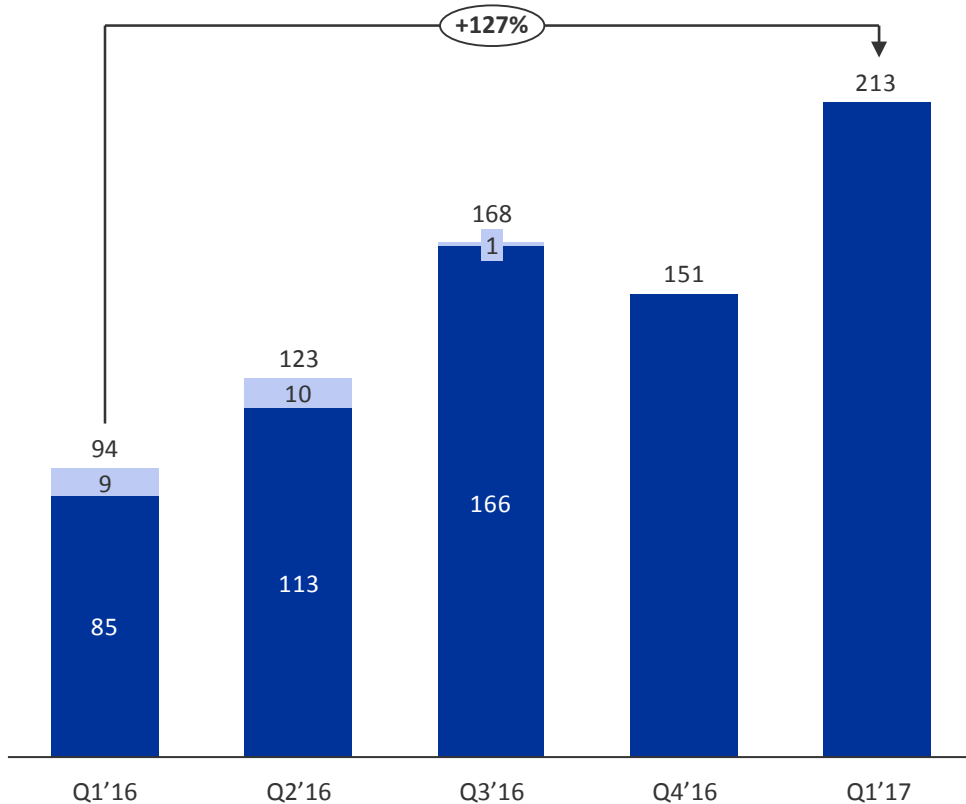
Note. Not including JV with EOS

Record high quarterly EBIT and Cash EBITDA

EBIT

NOK million

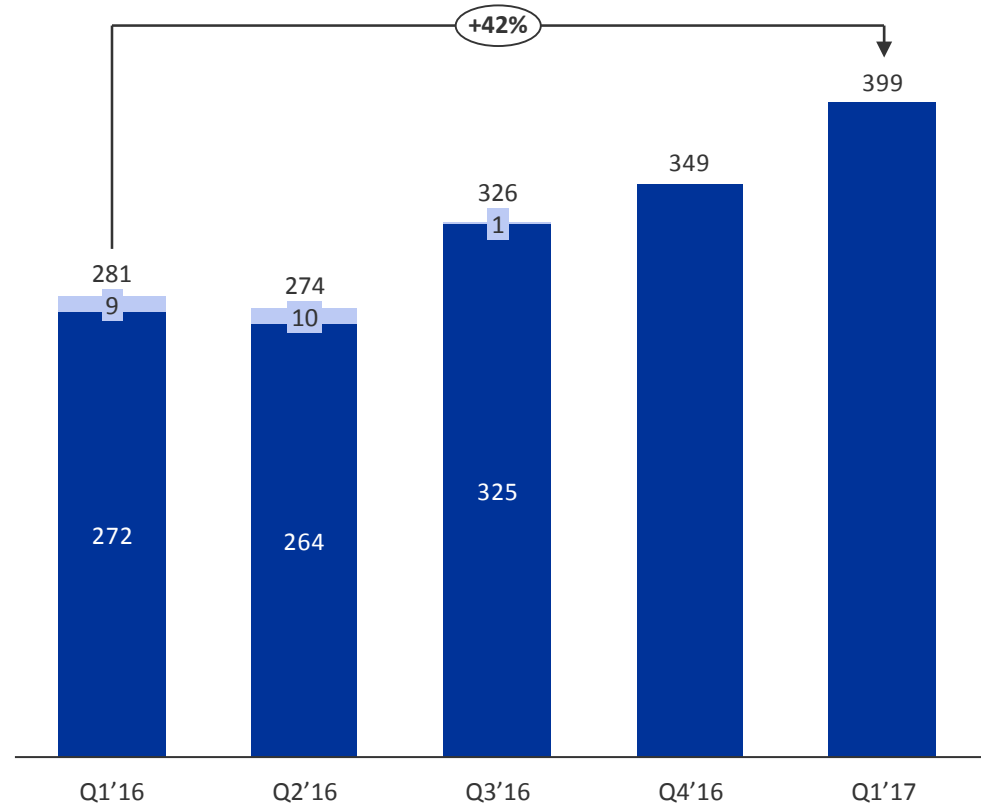
Non-recurring items
As reported



Cash EBITDA

NOK million

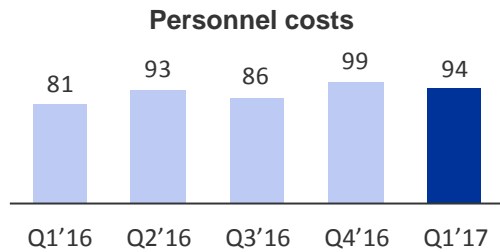
Non-recurring items
As reported



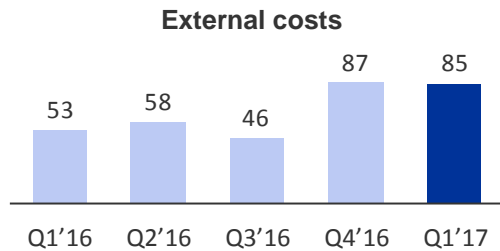
Demonstrating strong cost control

Total operational costs per quarter

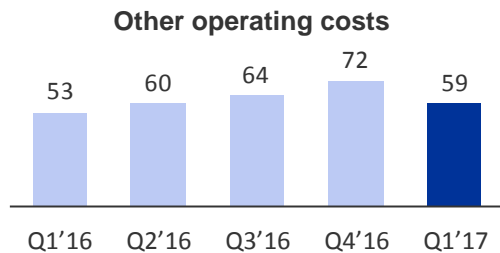
NOK million



Stable personnel costs



Still high legal costs in Poland – will fall the next quarters

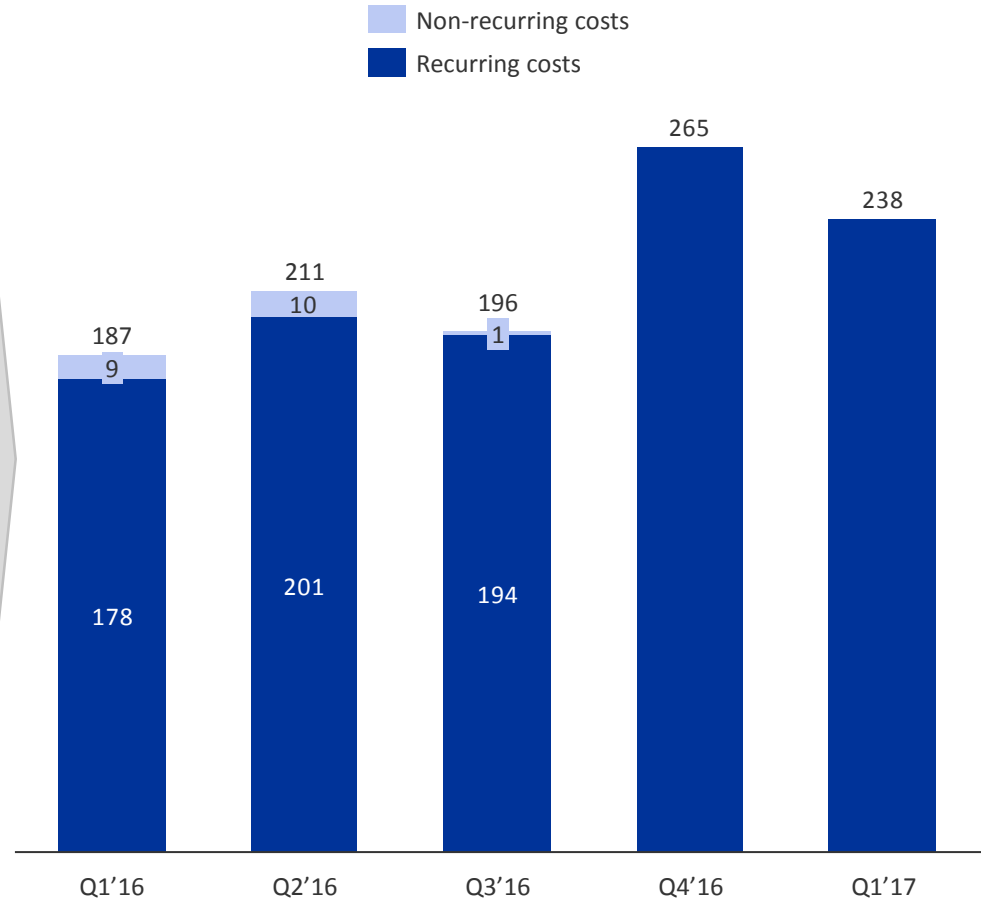


No major project costs in the quarter

New projects will increase costs somewhat next quarters

Operational costs split

NOK million



Balance sheet

Balance sheet

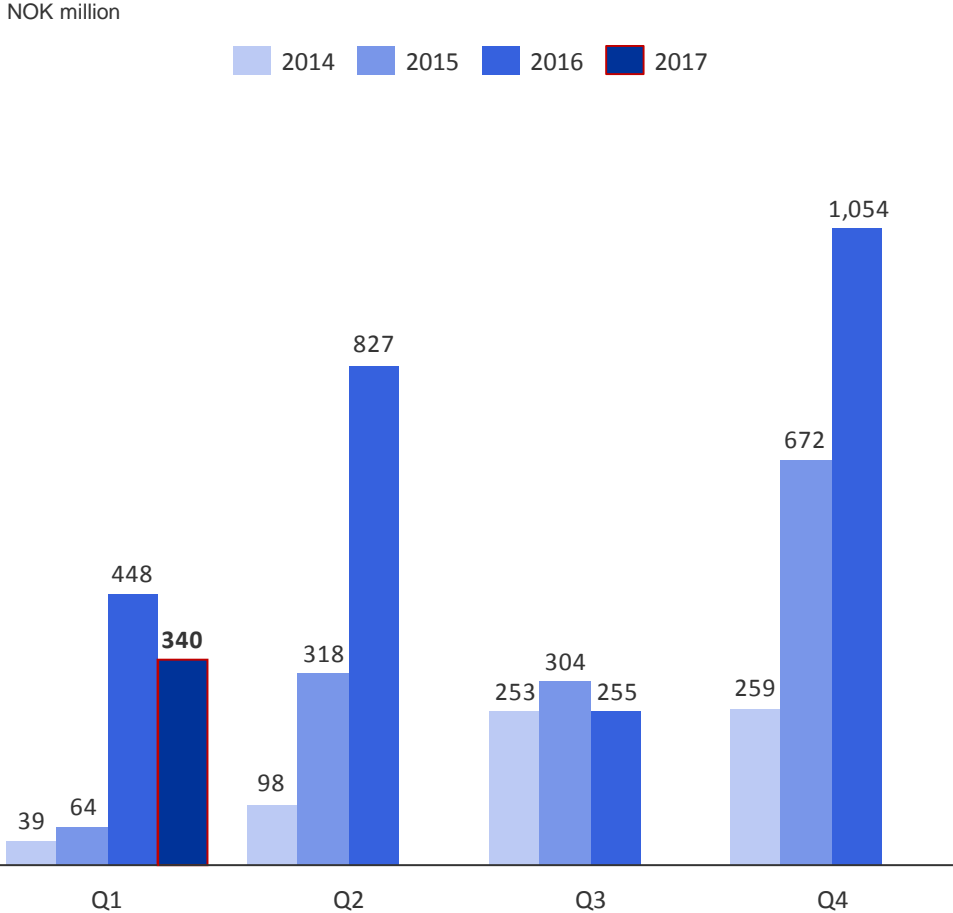
NOKm	Q1'17 unaudited	Q1'16 unaudited	2016 audited
Tangible and intangible assets	93	94	91
Goodwill	409	311	395
Purchased loan portfolios	5,051	3,379	4,752
Other long term financial assets	519	275	507
Deferred tax asset	73	24	64
Total non-current assets	6,145	4,082	5,808
Other short-term assets	132	95	123
Cash & short-term deposits	223	273	218
Total current assets	354	368	340
Total assets	6,499	4,450	6,149
Total equity	2,620	1,667	2,425
Long-term interest bearing loans and borrowings	3,396	2,471	3,218
Deferred tax liabilities	56	55	51
Other long-term liabilities	77	32	65
Total non-current liabilities	3,529	2,558	3,333
Accounts and other payables	82	68	156
Income tax payable	83	29	62
Other short-term liabilities	185	128	172
Total current liabilities	350	225	391
Total equity and liabilities	6,499	4,450	6,149

Comments

- Increase in purchased loan portfolios with 50%
- Equity ratio 40%
- Investment capacity NOK 1,845m
- Net interest bearing debt NOK 3,172m
- Significant headroom for growth in financial covenants

NOK 340m in portfolio acquisitions in Q1'17, NOK 2.5bn last four quarters

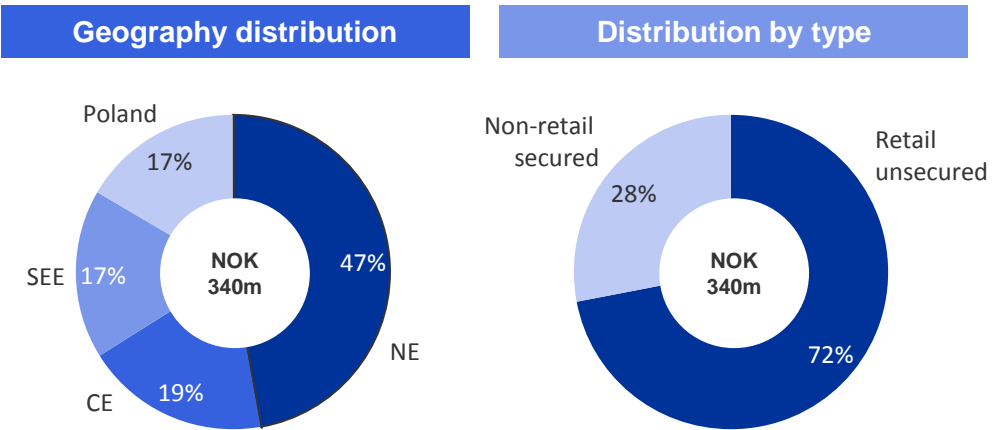
Portfolio purchases



Comments

- Q1 and Q3 usually low activity quarters
- Portfolio purchases in all geographies present
- Strong forward flow (frame agreements) from the Nordic region

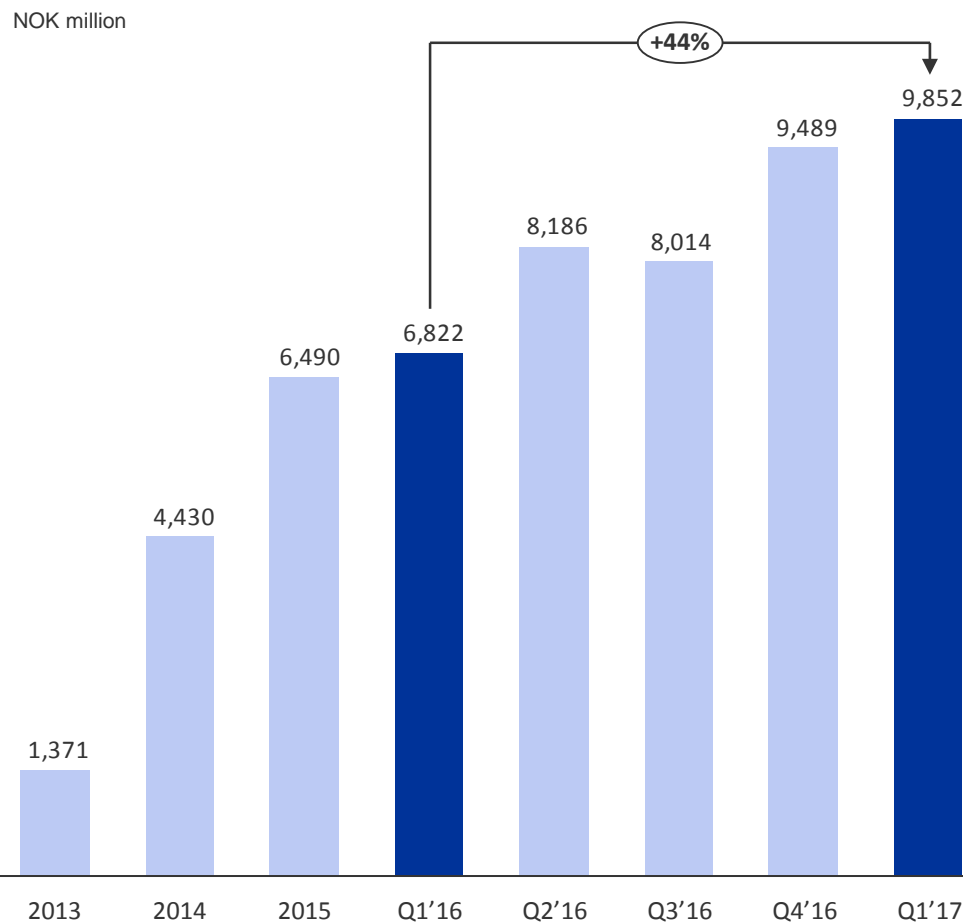
Key details portfolio purchases



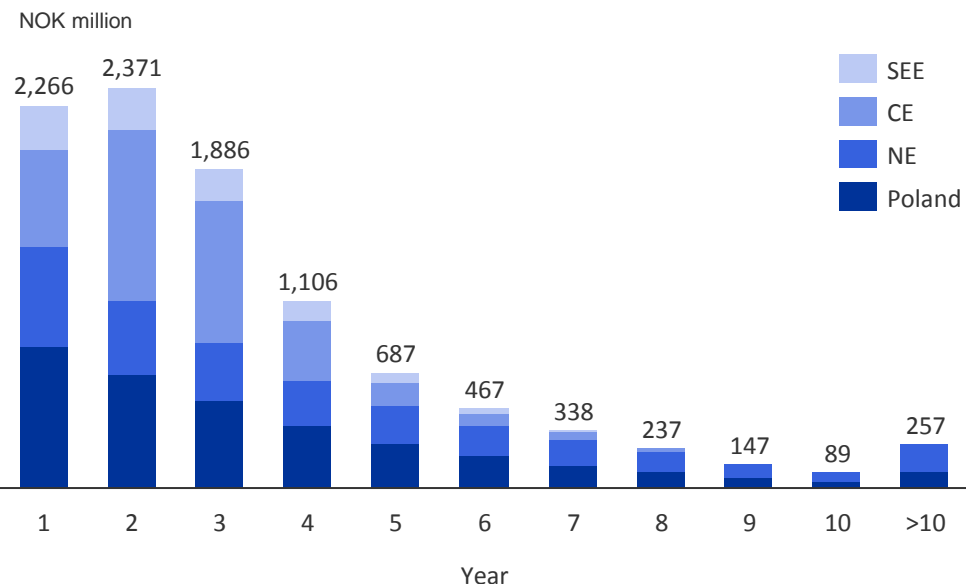
Total Gross ERC of approx. NOK 9.85bn

– 44% growth y-o-y

Development in Total Gross ERC



Total Gross ERC split by estimated collection time



	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	833	675	521	366	262	186	131	94	61	38	3,167	3,258
NE	595	437	338	268	220	183	154	117	77	50	2,438	2,603
CE	579	1,017	836	354	142	70	41	20	7	0	3,065	3,067
SEE	260	242	191	118	65	29	12	6	2	0	924	924
Total	2,266	2,371	1,886	1,106	687	467	338	237	147	89	9,595	9,852

Outlook

Expected continued growth in 2017 – strong focus on operational performance

Financial

- Well positioned for further growth with operating platforms in 18 markets
- Significant investment capacity and covenant headroom for future growth, without issuing new shares
- Focus on financial targets

Operational and organisational

- Strong pipeline within both secured and unsecured portfolios – geographically diversified
- New best practice programs initiated – strong focus on operational efficiency
- Access to the largest NPL markets in Europe through newly established platforms in Greece and Italy

Agenda



Appendices

Financial highlights: Cash flow

Consolidated cash flow

NOKm	Q1'17	Q1'16	2016 audited
Profit for the period before tax	138	6	227
Amortisation/revaluation of purchased loan portfolios	178	180	664
Adjustment other non-cash items	7	9	37
Interest expense on interest bearing loans	73	51	227
Interest paid on interest bearing loans and borrowings	-65	-47	-184
Unrealised foreign exchange differences	-7	25	180
Income tax paid during the year	-12	-6	-60
Change in working capital	-124	-65	-15
Change in other balance sheet items	23	-18	-275
Net cash flow from operating activities	211	135	802
Purchase of loan portfolios	-340	-448	-2,432
Net investments in intangible and tangible assets	-7	-3	-27
Investments in business acquisitions	0	-161	-255
Net cash flow from investing activities	-347	-612	-2,713
Net new share issue	0	0	662
Net receipts (payments) on interest bearing loans and borrowings	125	0	738
Dividends paid to non-controlling interest	0	0	0
Net cash flow from financing activities	125	0	1,400
Net cash flow in the period	-11	-476	-511
Cash and cash equivalents at beginning of the period	218	765	765
Exchange rate difference on cash and cash equivalents	6	-16	-36
Cash and cash equivalents at end of the period	213	273	218

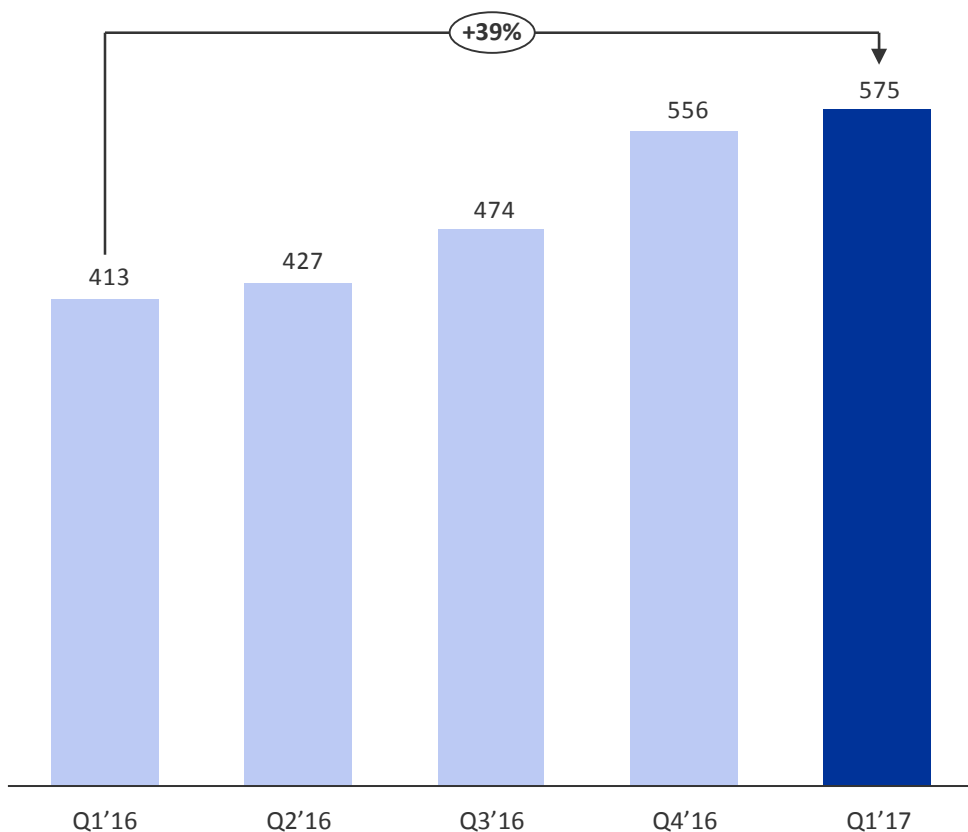
Comments

- Strong increase in operating cash flow

Cash collection and net operating revenue at record high levels

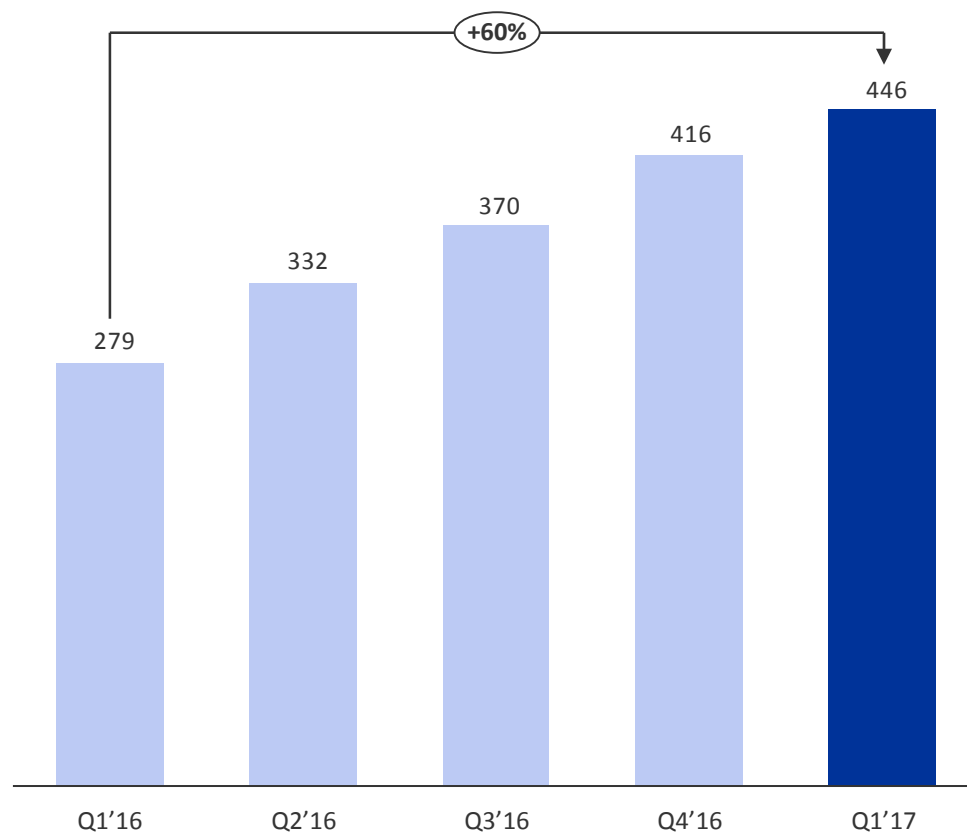
Gross cash collection on portfolios

NOK million



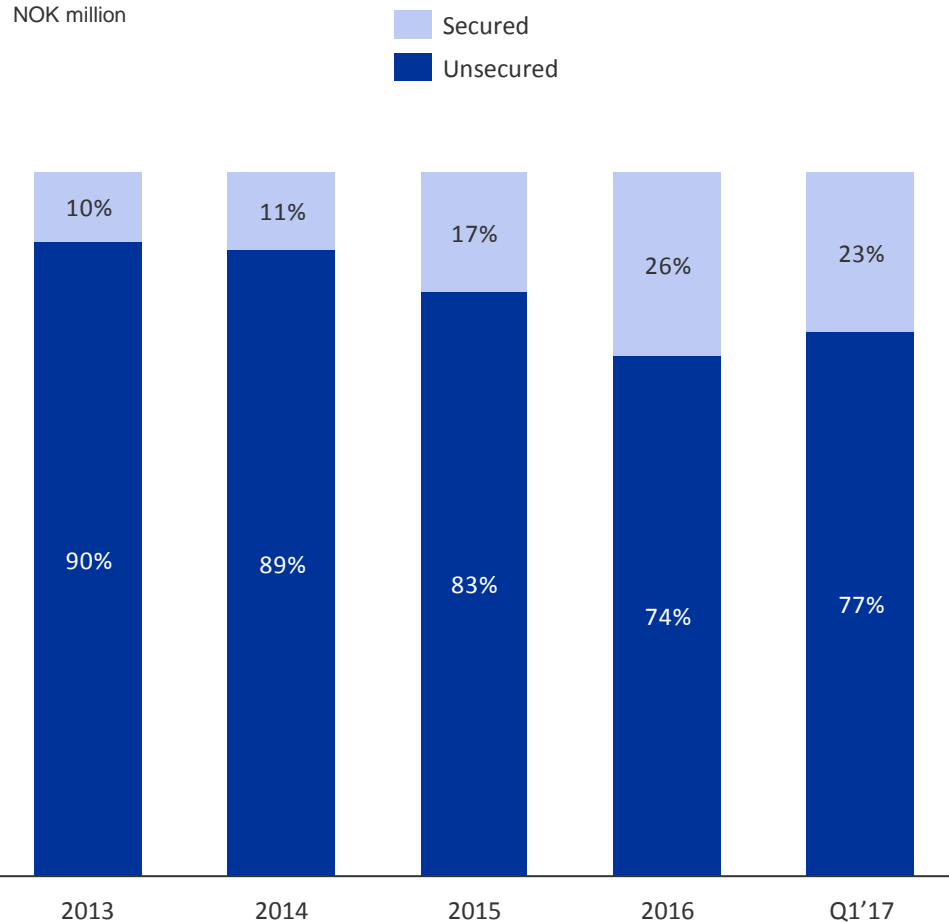
Net operating revenue

NOK million

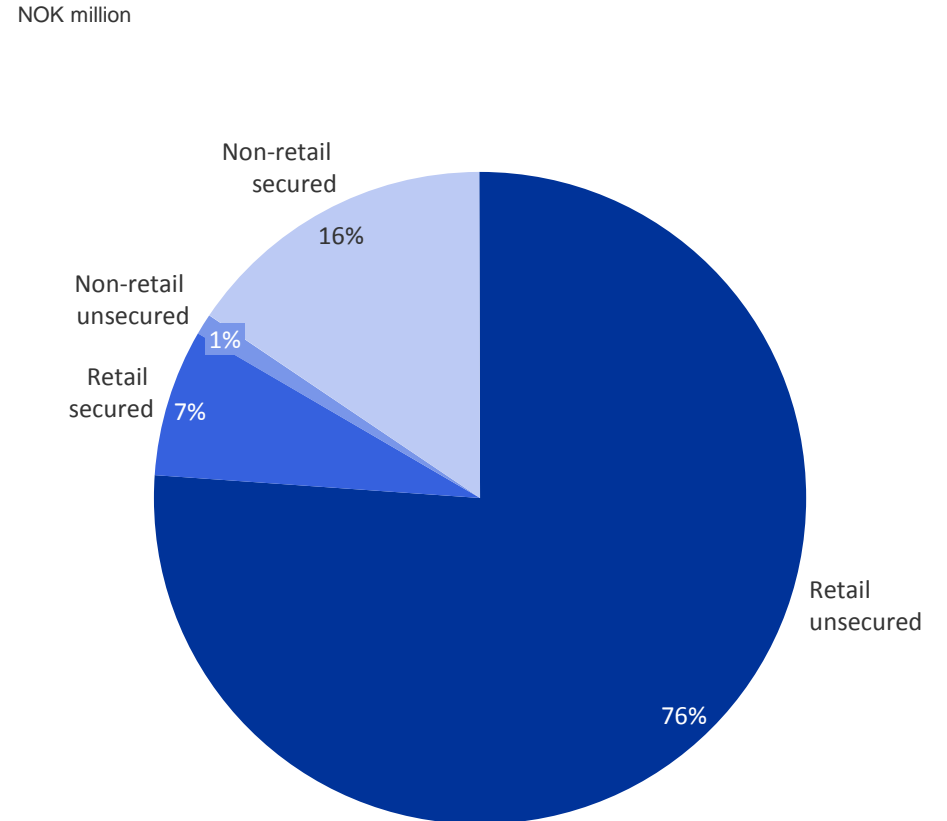


Portfolio composition

Portfolio distribution by type (measured by purchase price)¹⁾



Portfolio distribution by type (measured by purchase price)



1) 2013 and 2014 extrapolated based on portfolios per 31/12/2015



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