



# Q1 2018 presentation

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Oslo, 25 May 2018

**B2HOLDING®**  
*Making each other better*

# B2Holding status update Q1 2018

## Overview

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### Financial developments

- All-time high gross cash collection of NOK 775m up 35% (NOK 575m in Q1 2017)
- Cash EBITDA increased by 46% to NOK 581m (NOK 399m in Q1 2017)
- Operating profit increased by 53% to NOK 326m (NOK 213m in Q1 2017) after record strong operations
- High portfolio acquisition volume of NOK 1,485m, 337% increase from Q1 2017 (NOK 340m)
- Successfully completed equity issue of NOK 748m in Q1
- Increased RCF with EUR 150m and successfully placed EUR 200m bond in Q2
- Solid investment capacity NOK 4.1bn

### Operational- and organisational developments

- Two new markets
  - Acquisition of Group NAAC, one of the leading players within debt purchase and servicing in France
  - Small servicing platform in Portugal added in Q2 2018 through Verifica
- B2H now has platforms in 23 countries and portfolios in 19 countries

# A leading pan-European debt purchaser

## Northern Europe

- Finland
- Estonia
- Sweden
- Latvia
- Lithuania
- Denmark
- Norway
- Lithuania

**OK PERINTÄ**  
Part of B2 Holding

**SILEO KAPITAL**  
Part of B2 Holding

**Creditreform**

**NO:DE:CO**

**Interkredit**  
Part of B2 Holding

**SFS**  
state riskless spreader

**AKSIOM GROUP**  
Part of B2 Holding

## Poland

Poland **ULTIMO**  
Part of B2 Holding

## Central Europe

- Croatia
- Slovenia
- Serbia
- Czech Rep.
- B&H
- Montenegro
- Hungary

**B2 KAPITAL**  
Part of B2 Holding

**CONSEQUENCE EUROPE**

## Western Europe

- France
- Italy
- Spain
- Portugal

**nacc**

**B2 KAPITAL**  
Part of B2 Holding

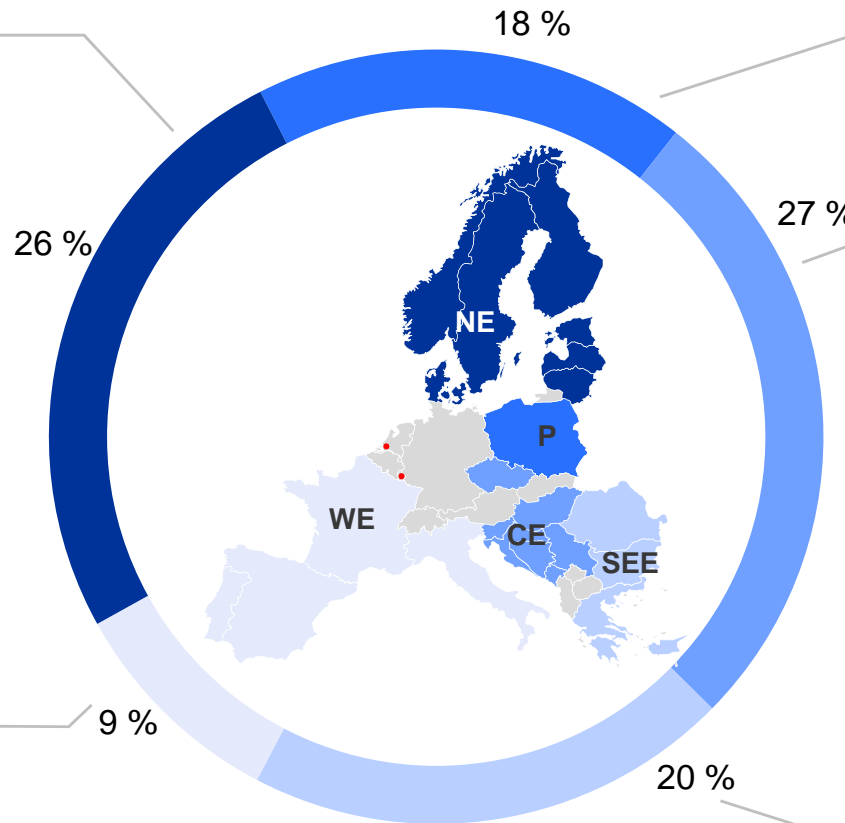
**Verifica**

## Southeastern Europe<sup>1</sup>

- Romania
- Greece
- Cyprus
- Romania
- Bulgaria

**B2 KAPITAL**  
Part of B2 Holding

**DCA**



**23**  
Platforms

**19**  
Countries with portfolios

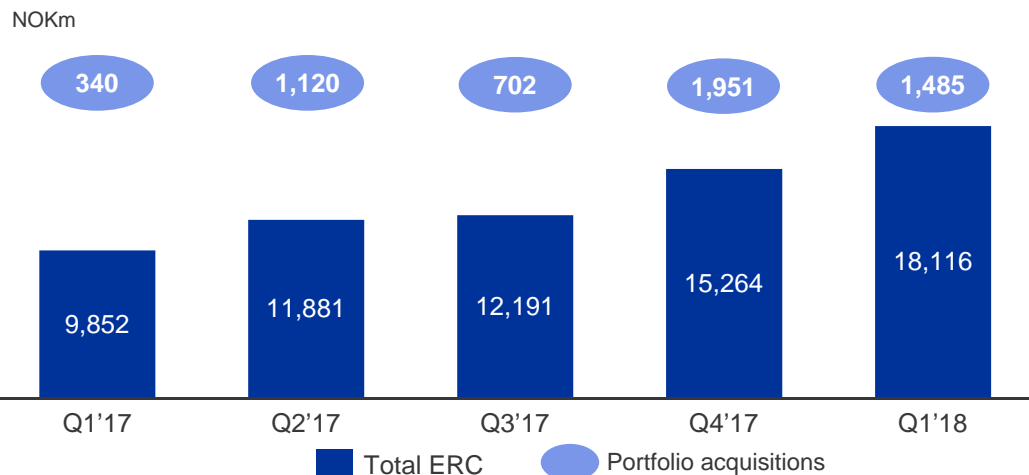
**2,204**  
Employees (FTEs)

**18.1bn**  
Total ERC (NOK)<sup>1</sup>

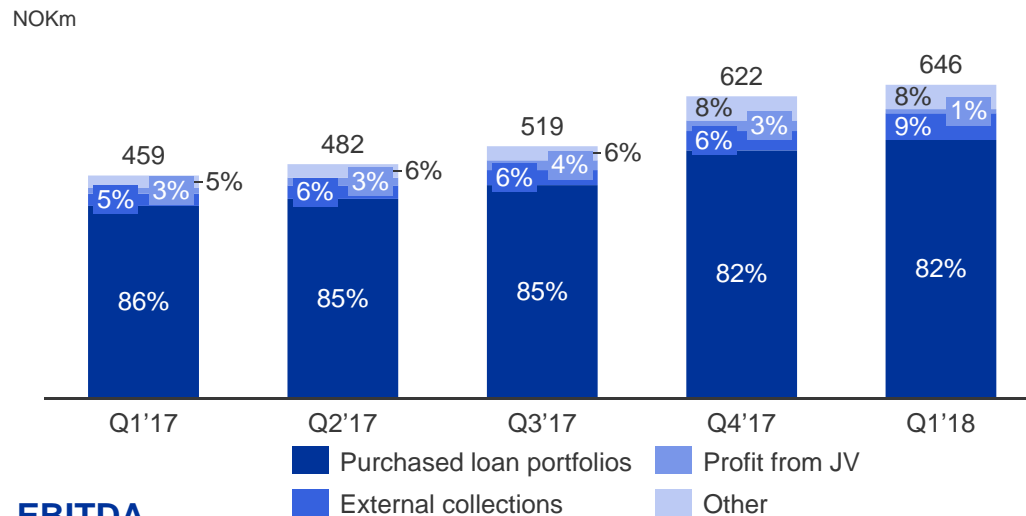
<sup>1</sup>Split and total ERC includes ERC attributable to JV with EOS in Romania

# Strong financial performance

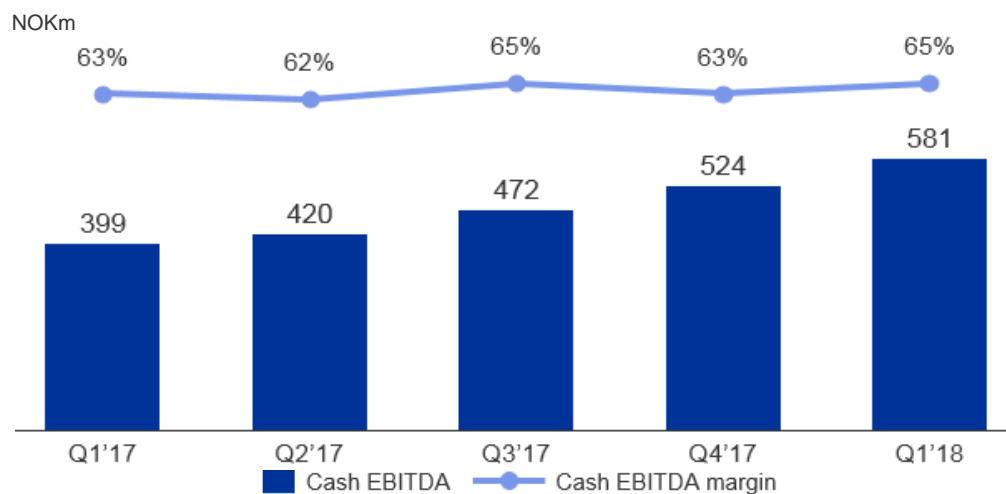
## Total ERC and portfolio acquisitions



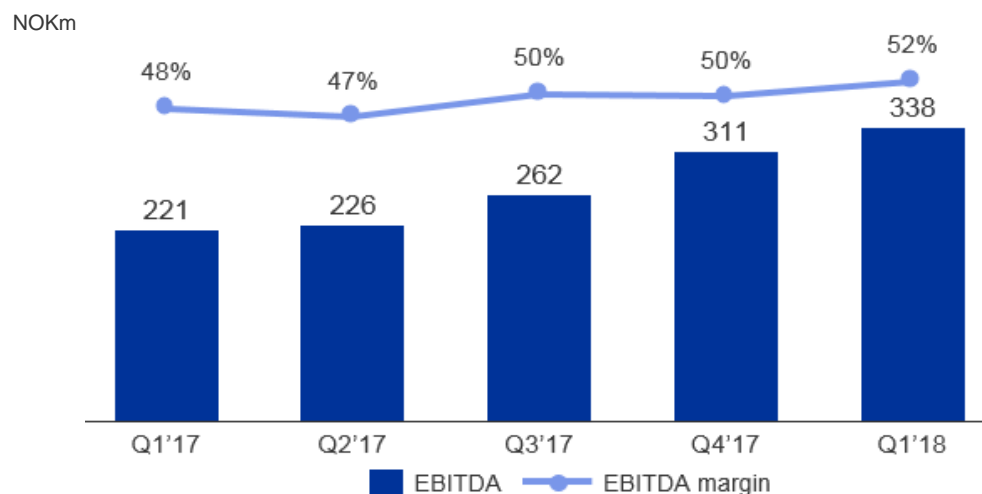
## Total revenues



## Cash EBITDA



## EBITDA



# Strict code of conduct across all geographies

Significant countries ranked by ERC	Specific license	Data protection system in place	Clearly defined statute of limitation	Collection activity limitations <sup>1</sup>	Collection activity recording and monitoring	Complaints management procedure in place	Current / past litigation	Regulatory inspections / fines
Croatia 	Not required <i>Comply with CNB<sup>2</sup> regulation</i>	✓	✓	✓	✓	✓	None	None
Poland 	✓ <sup>3</sup>	✓	✓	✓	✓	✓	None	None
Finland 	✓	✓	✓	✓	Monitored but not yet recorded	✓	None	None
Sweden 	✓	✓	✓	✓	Monitored but not yet recorded	✓	None	None
Romania 	✓	✓	✓	✓	✓	✓	None	None
Italy 	✓	✓	✓	✓	Recording in implementation	✓	None	None
Bulgaria 	✓	✓	✓	✓	✓	✓	None	None
Latvia 	✓	✓	✓	✓	Monitored but not yet recorded	✓	One, now closed <sup>4</sup>	None
Greece 	✓	✓	✓	✓	✓	✓	None	None
Spain 	Not required <i>Regulated by Data Protection Authority</i>	✓	✓	✓	✓	✓	None	One, now closed with fine of EUR 2,400

<sup>1</sup>Restricts frequency of client contacts as well as limits hours of the day clients can be contacted as well as on weekends

<sup>2</sup>Croatian National Bank

<sup>3</sup>Debt collection does not require license. Company holds license for receivables management, securitisation fund management and consumer lending

<sup>4</sup>Related to credit information service provided in Latvia. Non-monetary claim and no regulatory authority involved



**Financial  
performance**

# Another record quarter across the board

## Financial summary

NOKm	2018 Q1	2017 Q1	% change
Total operating revenues <sup>1)</sup>	646	459	41 %
EBITDA	338	221	53 %
Operating profit (EBIT)	326	213	53 %
<i>Profit margin</i>	50 %	46 %	
Cash Revenue	889	637	39 %
Cash EBITDA	581	399	46 %
Profit for the period after tax	152	104	46 %
Earnings per share (EPS)	0.41	0.28	46 %
Cash flow from operating activities	457	295	55 %
Operating cash flow per share	1.22	0.80	53 %
Portfolio acquisitions	1,485	340	337 %
Cash collection from portfolios	775	575	35 %
ERC (at end of month) <sup>2)</sup>	18,116	9,852	84 %

## Comments

- Record-high portfolio purchase volume for first quarter
- Profit margin remains high in Q1 at 50%
- Another record quarter in terms of cash collection, EBITDA, cash EBITDA and EBIT
- NAAC will be included in P&L from 1<sup>st</sup> of April

1) Figures and alternative performance measures (APMs) have been restated due to change in classification of "Profit from shares and participation in associated companies and joint ventures", see note 1 in the financial report for further information.

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

# Financial highlights: Income statement

## Income statement

NOKm	2018 Q1	2017 Q1	2017 audited
Revenue from purchased loan portfolios	532	397	1,757
Profit from shares, associated companies and JVs	9	13	70
Other operating revenues	105	50	256
<b>Total operating revenues</b>	<b>646</b>	<b>459</b>	<b>2,083</b>
External costs of services provided	-74	-85	-286
Personnel costs	-153	-94	-490
Other operating expenses	-81	-59	-287
Depreciation and amortisation	-12	-8	-36
<b>Operating profit (EBIT)</b>	<b>326</b>	<b>213</b>	<b>984</b>
Financial income	1	0	3
Financial expenses	-126	-74	-358
Net exchange gain (loss)	1	-1	18
<b>Net financial items</b>	<b>-124</b>	<b>-75</b>	<b>-337</b>
<b>Profit before tax</b>	<b>202</b>	<b>138</b>	<b>648</b>
Income tax expense	-51	-35	-166
<b>Net profit</b>	<b>152</b>	<b>104</b>	<b>481</b>
Non-recurring items (net of tax)	0	0	0
<b>Adjusted net profit</b>	<b>152</b>	<b>104</b>	<b>481</b>
<b>Cash revenue</b>	<b>889</b>	<b>637</b>	<b>2,878</b>
<b>Cash EBITDA</b>	<b>581</b>	<b>399</b>	<b>1,815</b>
<b>EBITDA</b>	<b>338</b>	<b>221</b>	<b>1,020</b>

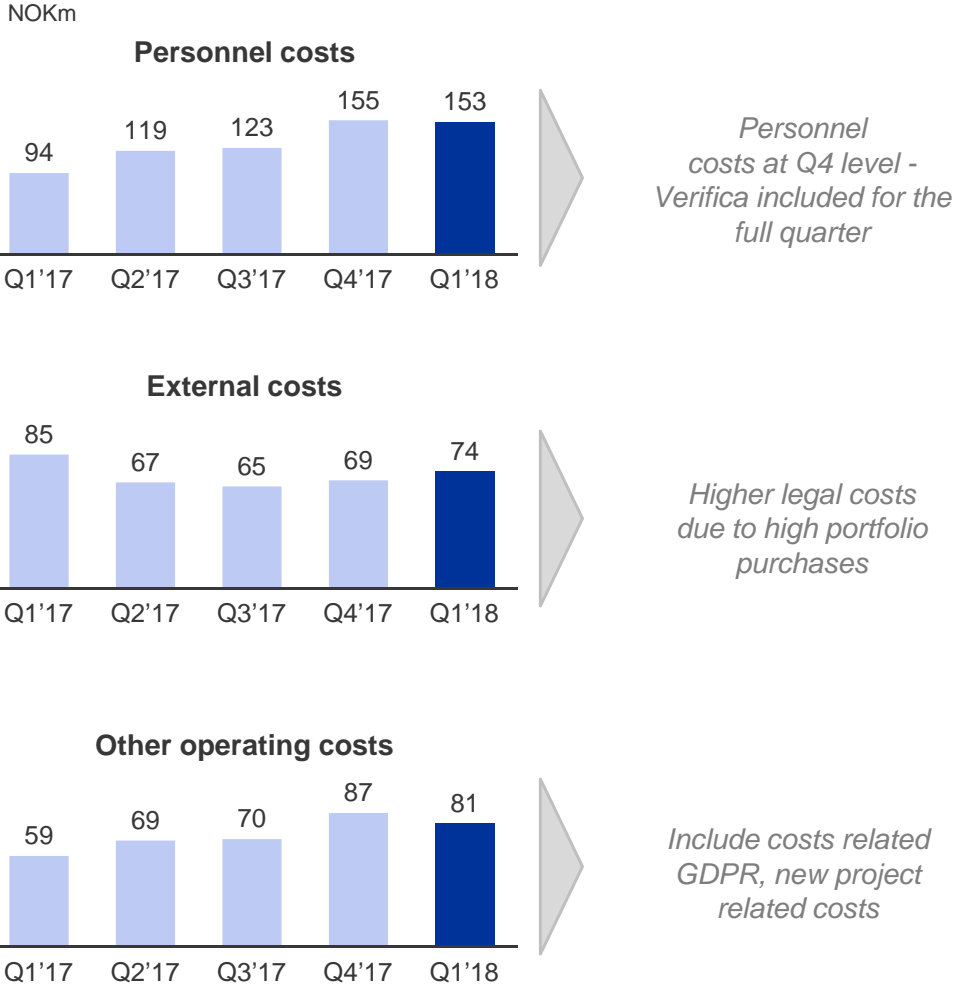
## Comments

- Gross cash collection in line with curves and a minor revaluation of both secured and unsecured
- Cost to collect reduced to 25% in Q1 2018 (31% in Q1 2017) due to improved efficiency in operations and economies of scale. Some quarterly variations expected
- Record-high EBITDA, cash EBITDA and EBIT
- Higher interest costs due to higher drawn amount

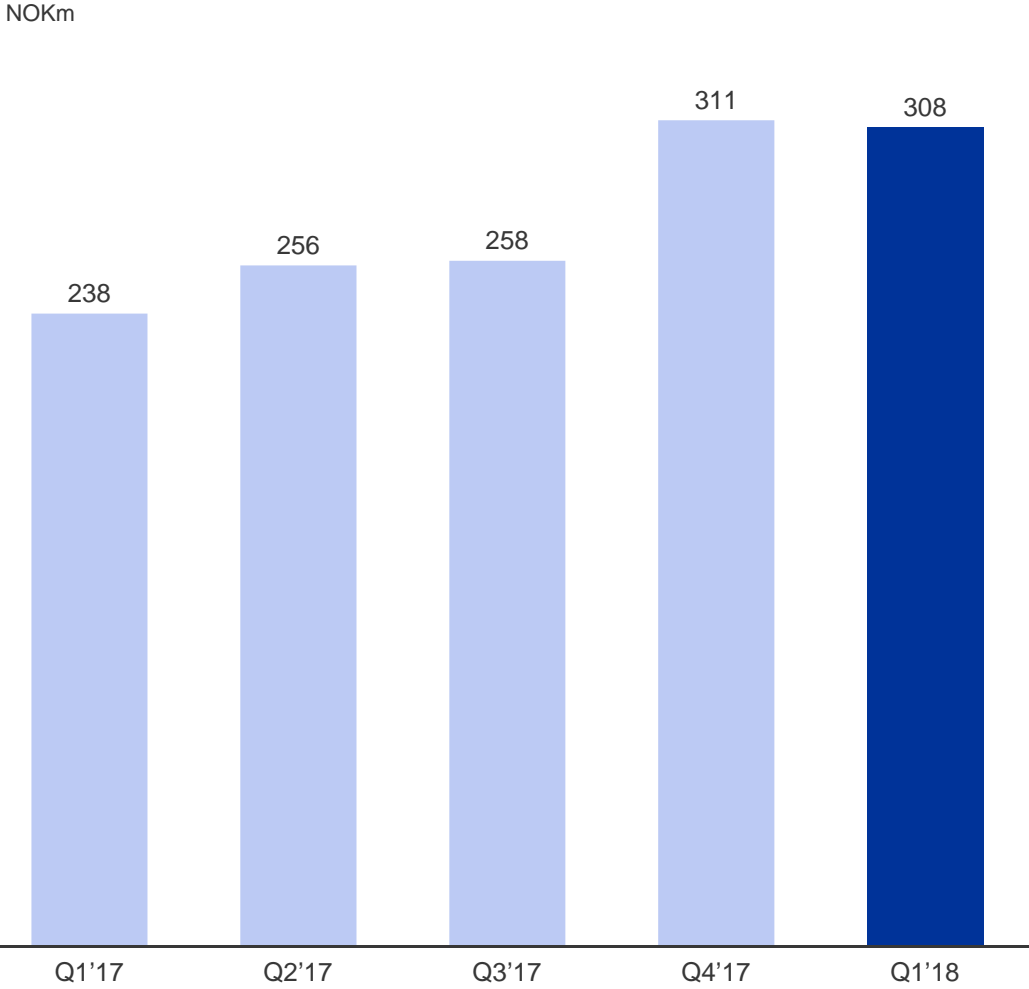
# Focus on cost and economies of scale

– cost of collect trending down

## Operational costs split



## Total operational costs per quarter



# Balance sheet

## Balance sheet

NOKm	Q1'18 unaudited	Q1'17 audited	2017 audited
Tangible and intangible assets	213	93	201
Goodwill	730	409	522
Purchased loan portfolios	10,418	5,051	8,732
Other long-term financial assets	524	519	618
Deferred tax asset	64	73	66
<b>Total non-current assets</b>	<b>11,949</b>	<b>6,145</b>	<b>10,139</b>
Other short-term assets	255	132	207
Cash & short-term deposits	569	223	452
<b>Total current assets</b>	<b>824</b>	<b>354</b>	<b>659</b>
<b>Total assets</b>	<b>12,773</b>	<b>6,499</b>	<b>10,797</b>
<b>Total equity</b>	<b>3,875</b>	<b>2,620</b>	<b>3,148</b>
Long-term interest-bearing loans and borrowings	6,457	3,396	5,739
Deferred tax liabilities	159	56	96
Other long-term liabilities	170	77	70
<b>Total non-current liabilities</b>	<b>6,786</b>	<b>3,529</b>	<b>5,905</b>
Short-term interest-bearing loans and borrowings	963		989
Accounts and other payables	804	82	267
Income tax payable	49	83	57
Other current liabilities (incl. bank overdraft)	297	185	432
<b>Total current liabilities</b>	<b>2,113</b>	<b>350</b>	<b>1,744</b>
<b>Total equity and liabilities</b>	<b>12,773</b>	<b>6,499</b>	<b>10,797</b>

## Comments

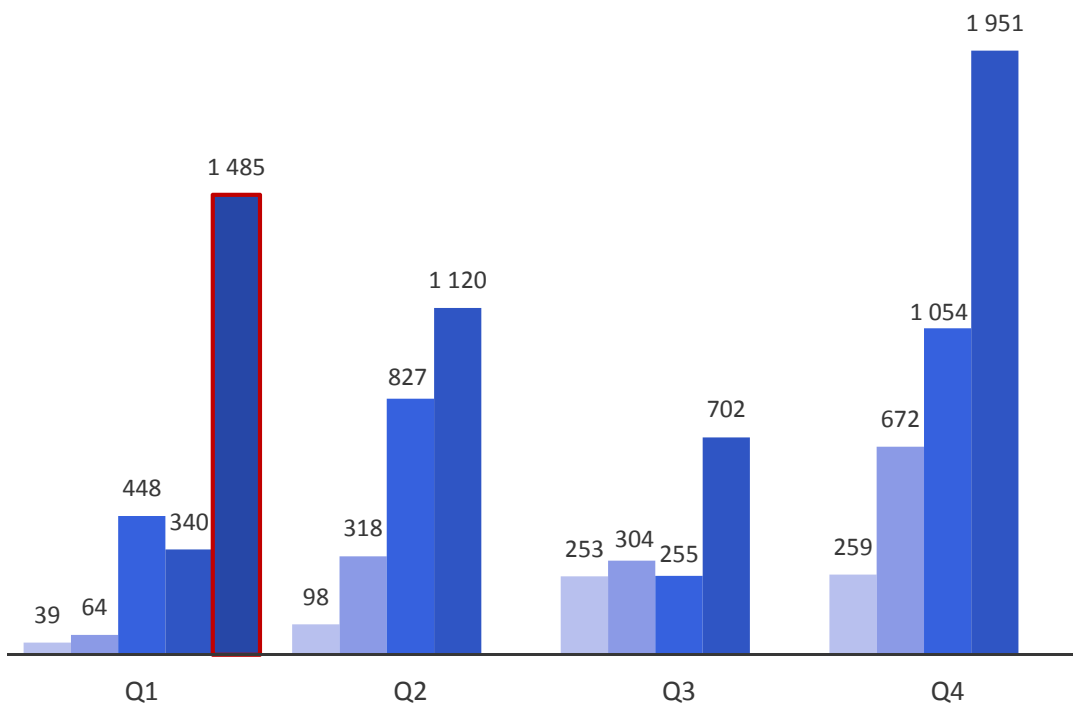
- Increase in purchased loan portfolios of 106% LTM
- Goodwill in connection with NAAC acquisition included in BS
- Equity ratio 30%
- Investment capacity NOK 4.1b
- Net interest-bearing debt NOK 6,855m
- Covenant headroom for future growth

# Record-high purchase volume: NOK 1.48bn in Q1

## Portfolio purchase volumes

NOKm

2014 2015 2016 2017 2018

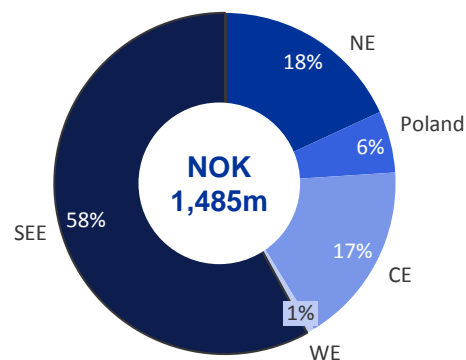


## Comments

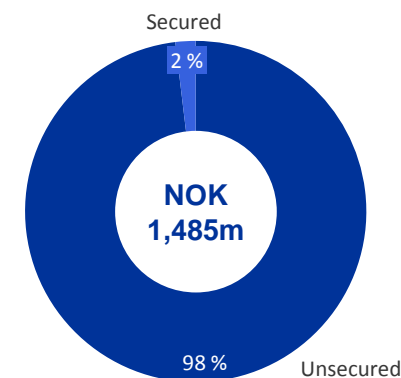
- Record strong volume for a first quarter
  - 337% increase compared to Q1 2017
  - EUR 120 previously announced to be closed in Q2
- Portfolios acquired in all major markets, 98% unsecured
- Portfolio of EUR 90m acquired in Greece
  - Co-investor interest in the Greek portfolio

## Key details portfolio purchase volume

### Geography distribution



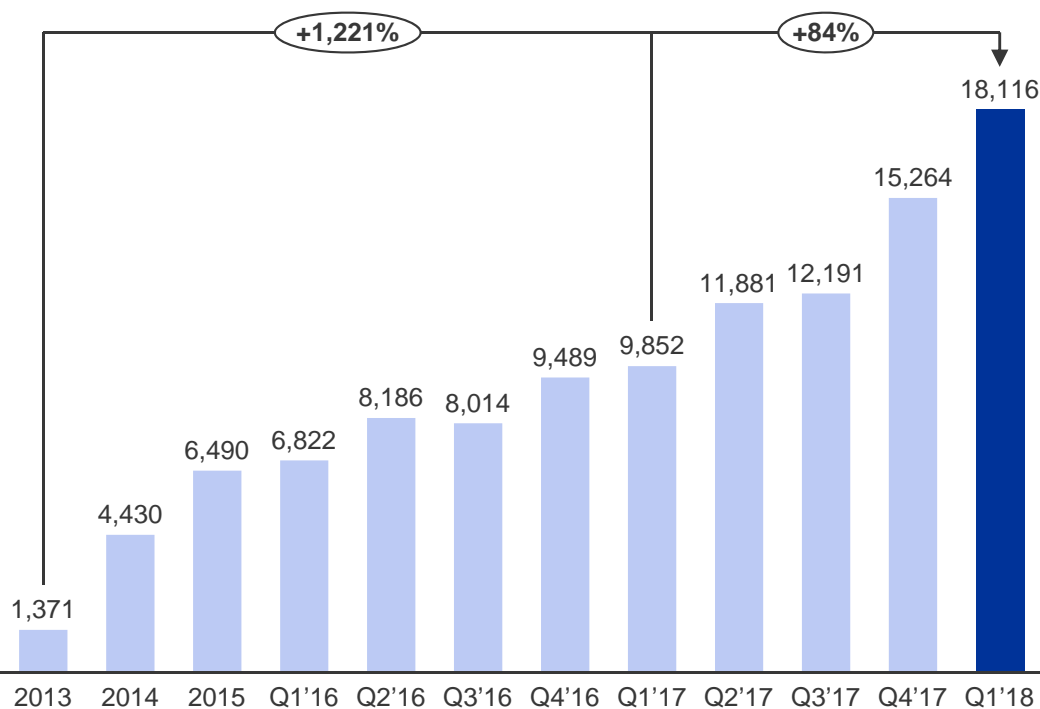
### Distribution by type



# Highly diversified portfolio yielding stable and predictable cash flows: Total gross ERC of approx. NOK 18.1bn (84% growth y-o-y)

## Development in total gross ERC

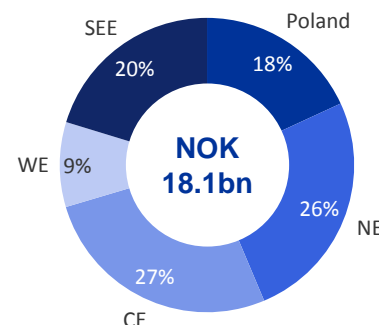
NOKm



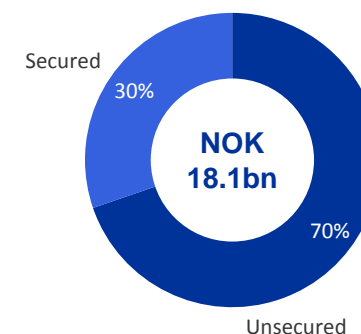
## Portfolio details (total gross ERC)

NOKm

### Geography distribution



### Distribution by type



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	778	647	472	343	250	184	137	102	73	47	3,033	3,120
NE	929	726	593	480	385	307	245	185	135	104	4,090	4,552
CE	326	292	232	196	165	130	100	80	31	8	1,559	1,587
WE	77	69	68	60	48	40	31	24	18	7	441	443
SEE	420	573	539	458	345	247	176	115	56	-	2,929	2,929
<b>Sum</b>	<b>2,529</b>	<b>2,307</b>	<b>1,904</b>	<b>1,538</b>	<b>1,193</b>	<b>908</b>	<b>688</b>	<b>506</b>	<b>313</b>	<b>167</b>	<b>12,054</b>	<b>12,631</b>

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	33	63	44	11	3	2	2	1	1	1	159	163
NE	13	16	13	9	6	5	4	3	3	0	72	72
CE	1,386	1,116	534	119	54	14	3	3	29	0	3,257	3,259
WE	305	460	202	127	37	51	36	16	8	2	1,245	1,245
SEE	315	277	119	34	-	-	-	-	-	-	745	745
<b>Sum</b>	<b>2,051</b>	<b>1,931</b>	<b>911</b>	<b>300</b>	<b>100</b>	<b>71</b>	<b>45</b>	<b>23</b>	<b>41</b>	<b>4</b>	<b>5,479</b>	<b>5,484</b>

Total	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
<b>4,580</b>	<b>4,238</b>	<b>2,815</b>	<b>1,838</b>	<b>1,294</b>	<b>979</b>	<b>733</b>	<b>530</b>	<b>354</b>	<b>171</b>	<b>17,532</b>	<b>18,116</b>	

# Estimated remaining collection year 1 – secured and unsecured

## ERC

Secured	Q2 18	Q3 18	Q4 18	Q1 19	Year 1
Poland	6	9	8	9	33
NE	3	3	3	4	13
CE	262	525	322	276	1,386
WE	68	89	112	35	305
SEE	69	76	84	87	315
<b>Total</b>	<b>408</b>	<b>703</b>	<b>529</b>	<b>411</b>	<b>2,051</b>

Unsecured	Q2 18	Q3 18	Q4 18	Q1 19	Year 1
Poland	205	196	191	185	778
NE	255	227	249	198	929
CE	81	83	84	78	326
WE	18	19	25	15	77
SEE	90	96	109	125	420
<b>Total</b>	<b>648</b>	<b>620</b>	<b>659</b>	<b>603</b>	<b>5,259</b>

Total	Q2 18	Q3 18	Q4 18	Q1 19	Year 1
<b>Total</b>	<b>1,056</b>	<b>1,323</b>	<b>1,188</b>	<b>1,013</b>	<b>4,580</b>

## Comments

- Secured collection with larger variation quarter by quarter
- Unsecured collection more stable, but with some seasonality

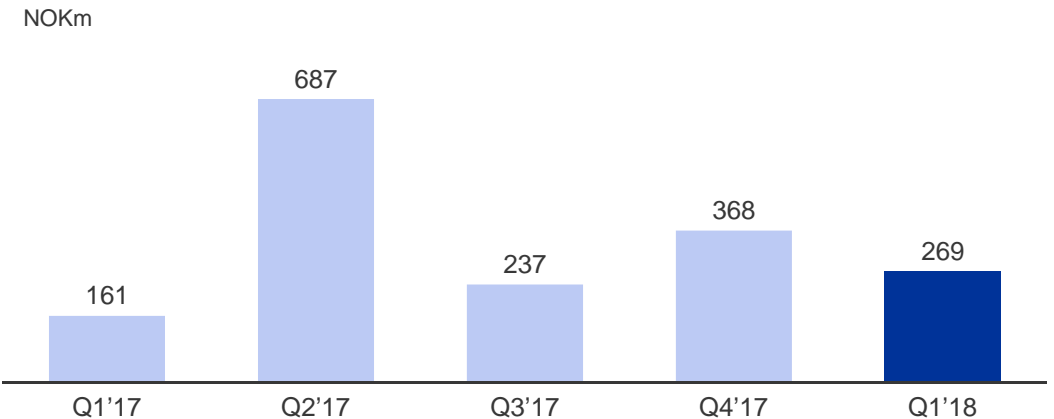
# Segment financials: Northern Europe (NE)



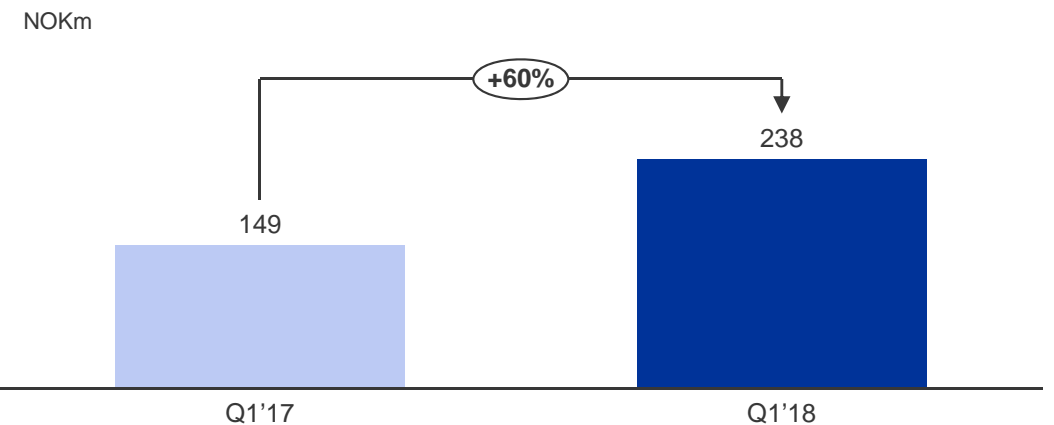
## Comments

- Portfolio purchase volume of NOK 269m in the quarter
- Gross cash collection NOK 238m
  - Net credit loss of NOK 16.7m mainly due to collection delays in Finland
- Operating margin 46%
- Cost to collect 18%
- All-time high collection
- Forward flow agreements are increasing

## Purchased loan portfolios



## Gross cash collection on portfolios



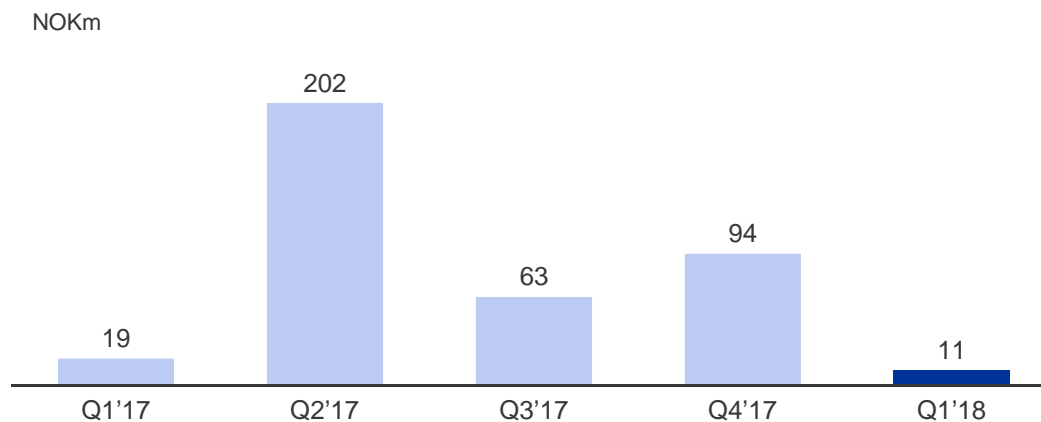
# Segment financials: Western Europe (WE)



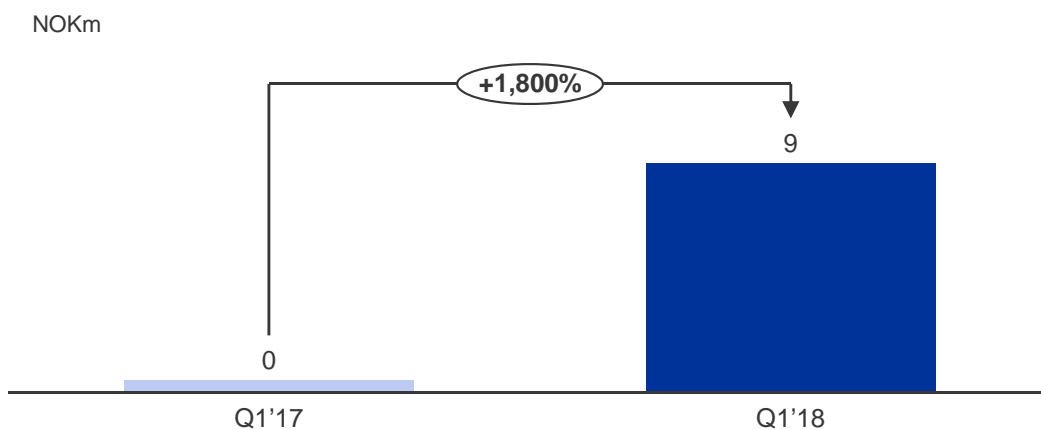
## Comments

- Western Europe established as a new region as of Q1 2018
- Portfolio purchase volume of NOK 11m in the quarter
- Gross cash collection in line with curve
- Two new platforms:
  - Entered France through the acquisition of NACC
  - Entering Portugal through small servicing platform
- Good pipeline in the region

## Purchased loan portfolios



## Gross cash collection on portfolios



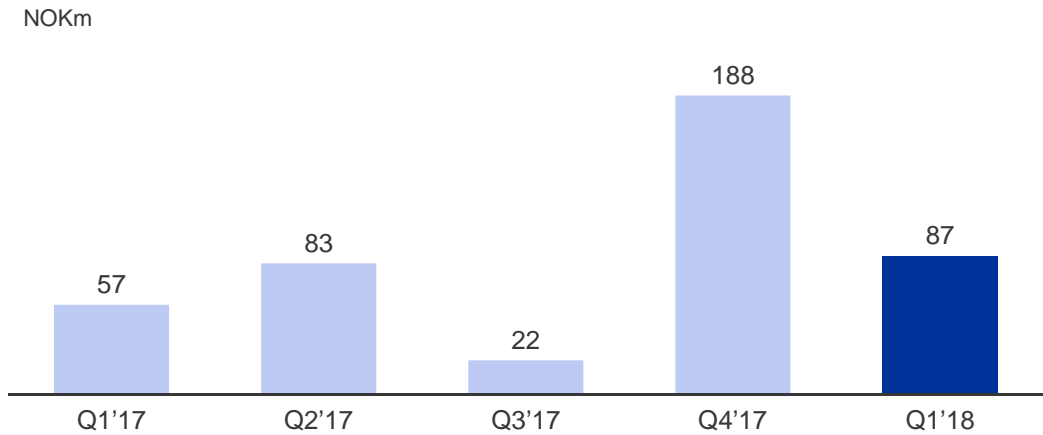
# Segment financials: Poland (P)



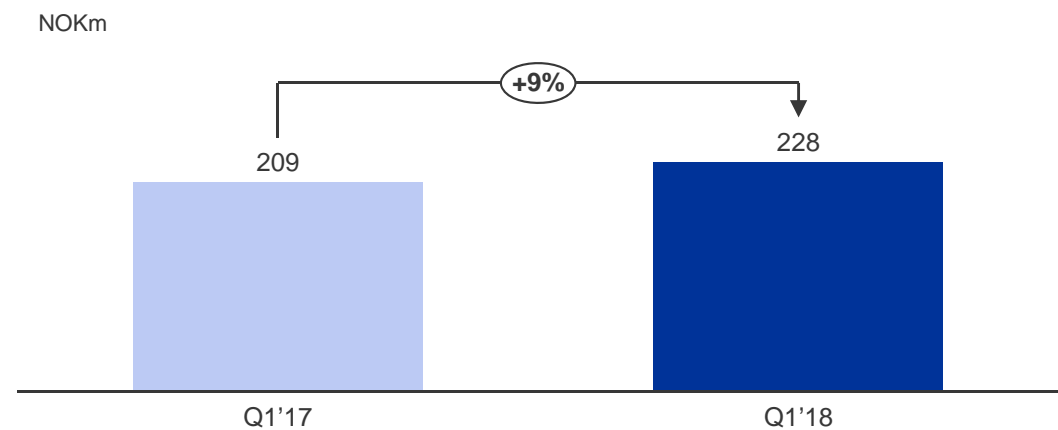
## Comments

- Portfolio purchase volume of NOK 87m in the quarter
- Gross collection of NOK 228m
  - Collection in line with curve
  - NOK -4m revaluation of the curve
- Cost to collect is 32%. Some quarterly variations expected
- Competitive market landscape is changing and portfolios seem to be less competitively priced

## Purchased loan portfolios



## Gross cash collection on portfolios



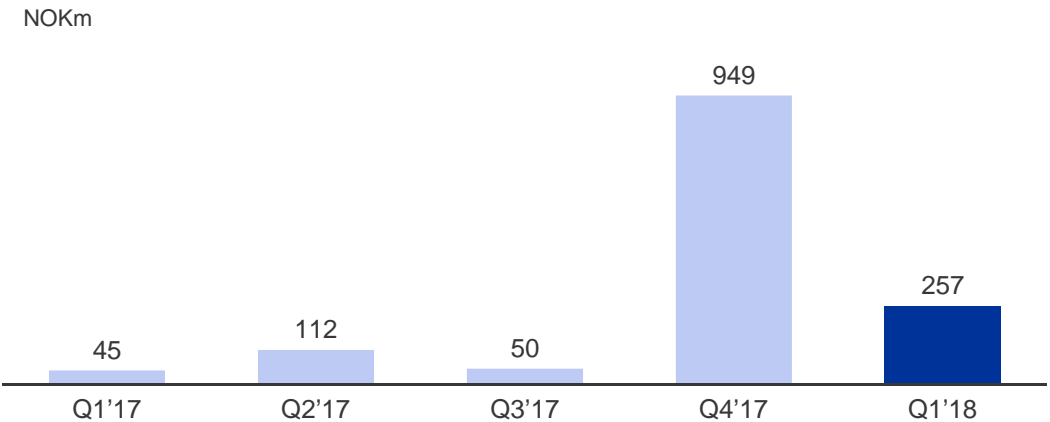
# Segment financials: Central Europe (CE)



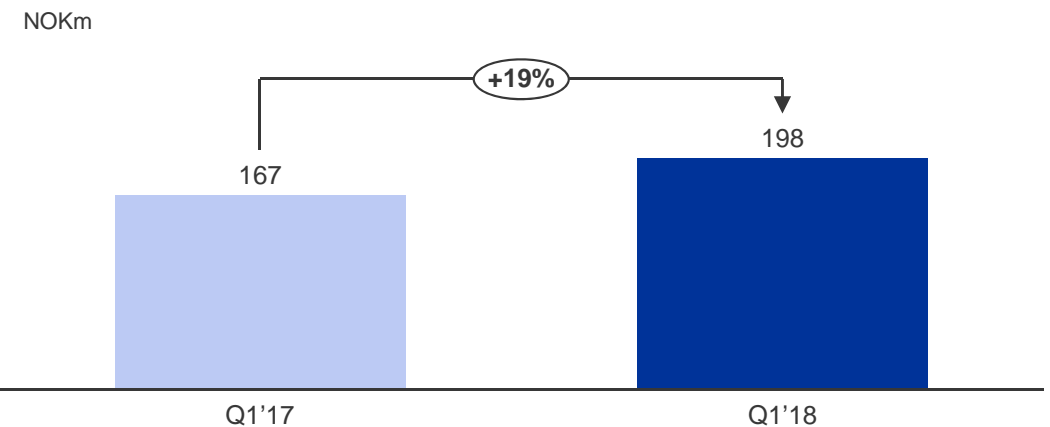
## Comments

- Portfolio purchase volume of NOK 257m in the quarter
- Gross collection of NOK 198m and collection is in line with curves
- Cost to collect is 15%, some quarterly variations expected
- Strong portfolio pipeline in all of the major countries in the region
- Strong economic growth in the region

## Purchased loan portfolios



## Gross cash collection on portfolios



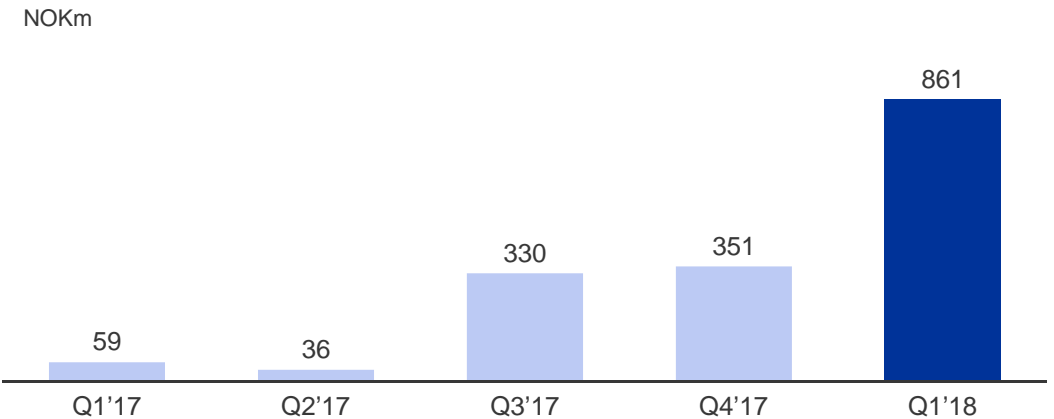
# Segment financials: Southeastern Europe (SEE)



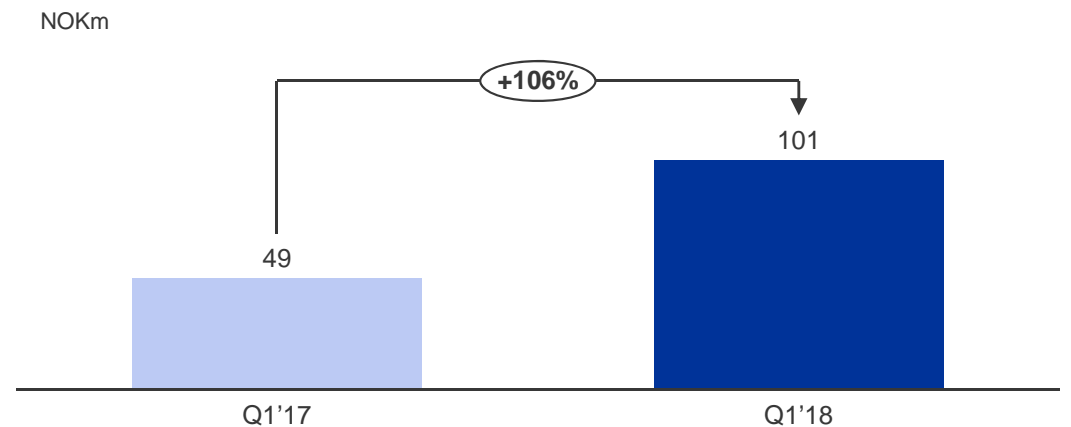
## Comments

- Portfolio purchase volume of NOK 861m in the quarter
- Gross cash collection NOK 101m, NOK 9m over curve
- All-time high collection, strong operational performance
- Cost to collect is 39%
- Good visibility of portfolio pipeline in all countries
- Cyprus added in Q1 2018 and license obtained from the Central Bank of Cyprus in Q2 2018

## Purchased loan portfolios



## Gross cash collection on portfolios



# Outlook

## Expected continued growth in 2018 – strong focus on operational performance

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### Financial

- Well positioned for further growth with platforms in 23 markets
- Significant investment capacity of NOK 4.1bn and covenant headroom for future growth
- Focus on financial targets

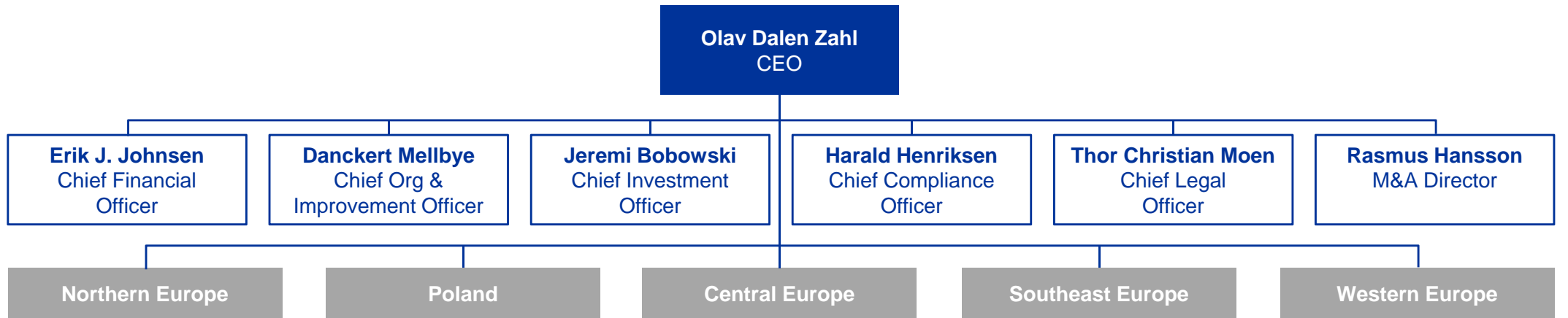
### Operational and organisational

- Strong pipeline within both secured and unsecured portfolios – geographically diversified
- Strong focus on operational efficiency
- Access to the four largest NPL markets in Europe through the platforms in France, Greece, Spain and Italy

# Q&A



# Organisational overview

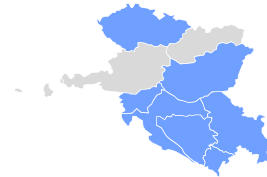


**Scandinavia:**  
**RD: Tore Krogstad**  
 - Norway  
 - Sweden  
 - Denmark

**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  
 - Cyprus



**RD: Rasmus Hansson**  
 - Italy  
 - Spain  
 - France (from 1<sup>st</sup> of April)  
 - Portugal (from 2<sup>nd</sup> of May)

# Financial highlights: Cash flow

## Consolidated cash flow

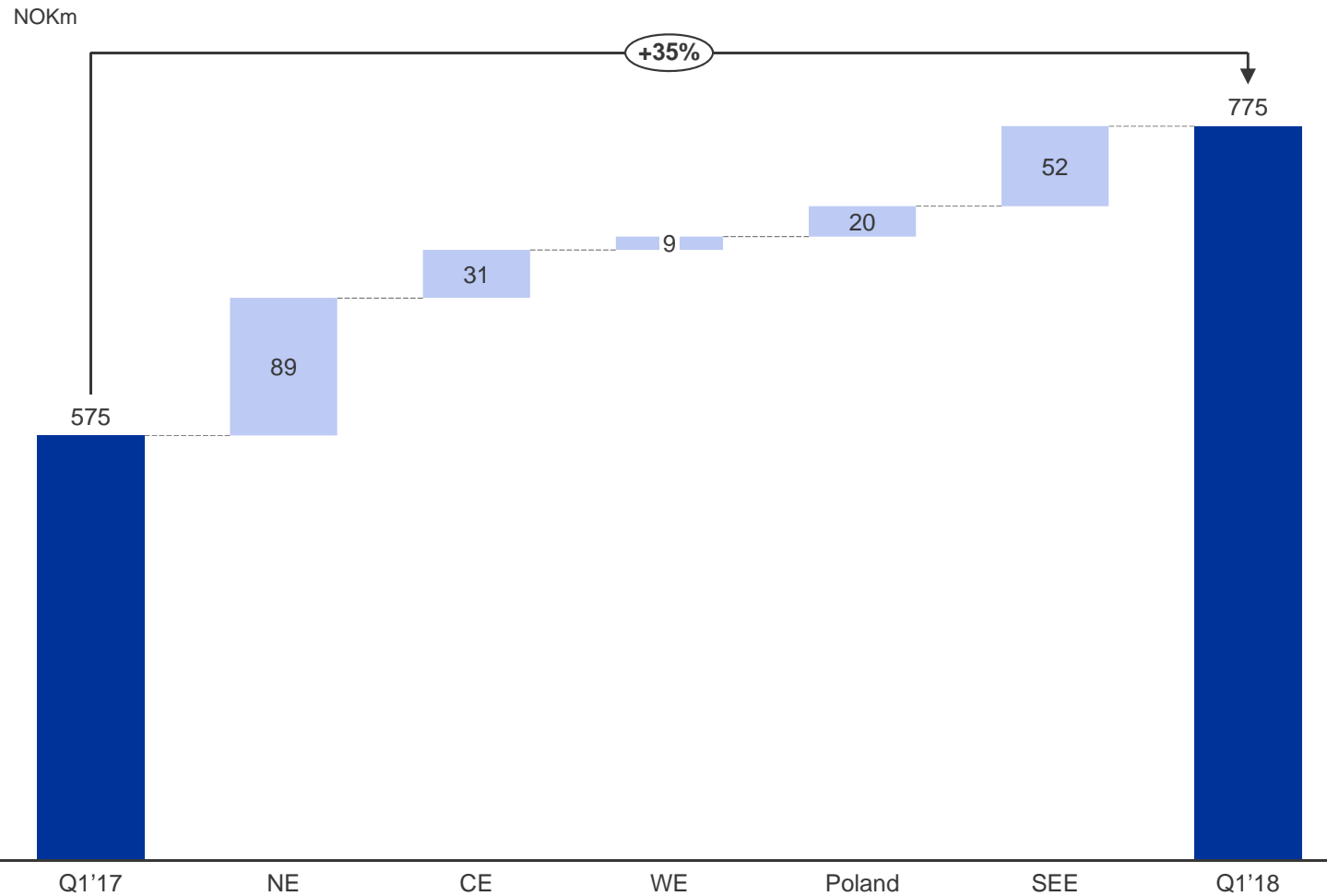
NOKm	2018 Q1	2017 Q1	2017 Full year
Profit for the period before tax	202	138	648
Amortisation/revaluation of purchased loan portfolios	243	178	795
Adjustment other non-cash items	15	7	36
Interest expense on loans	125	73	357
Interest paid on loans and borrowings	-111	-65	-318
Unrealised foreign exchange differences	-2	-7	-98
Income tax paid during the year	-39	-12	-138
Change in working capital	58	-41	69
Change in other balance sheet items	-34	23	-62
<b>Net cash flow from operating activities</b>	<b>457</b>	<b>295</b>	<b>1,289</b>
Purchase of loan portfolios	-988	-424	-4,073
Net investments in intangible and tangible assets	-9	-7	-53
Investments in business acquisitions	-269	0	-144
<b>Net cash flow from investing activities</b>	<b>-1,266</b>	<b>-431</b>	<b>-4,270</b>
Net new share issue	728	0	4
Net receipts (payments) on loans / borrowings	328	125	3,115
Dividends paid	0	0	-0
<b>Net cash flow from financing activities</b>	<b>1,057</b>	<b>125</b>	<b>3,064</b>
<b>Net cash flow in the period</b>	<b>247</b>	<b>-11</b>	<b>83</b>
Cash and cash equivalents at beginning of the period	326	218	218
Exchange rate difference on cash	-8	6	26
<b>Cash and cash equivalents at end of the period</b>	<b>565</b>	<b>213</b>	<b>326</b>

## Comments

- Net cash flow from operating activities increases

# Record gross collection: +35% to NOK 775m

## Bridge Q1'17-Q1'18: Gross cash collection on portfolios



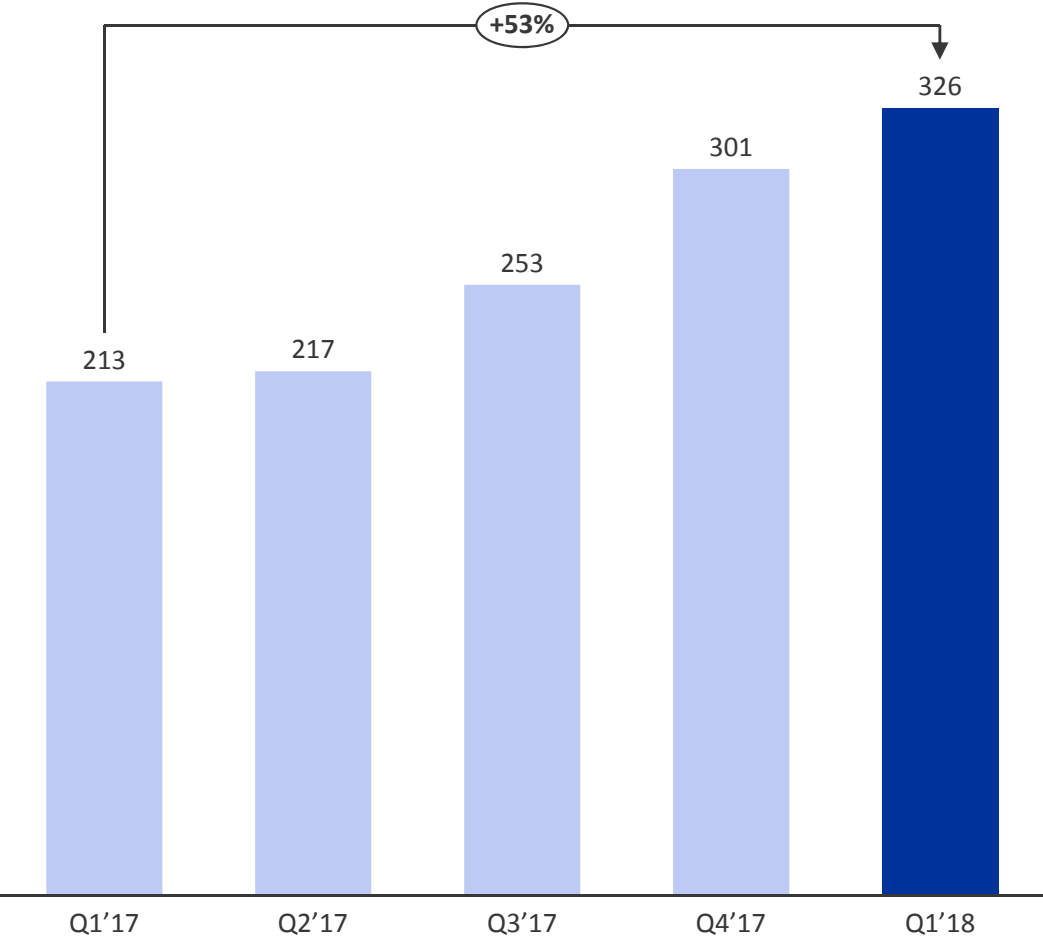
## Comments

- Strong gross cash collection
- Solid growth in NE (+60%) and SEE (+106%)
- Expect continued strong growth in CE and SEE going forward

# Seventh consecutive record quarter in terms of cash EBITDA

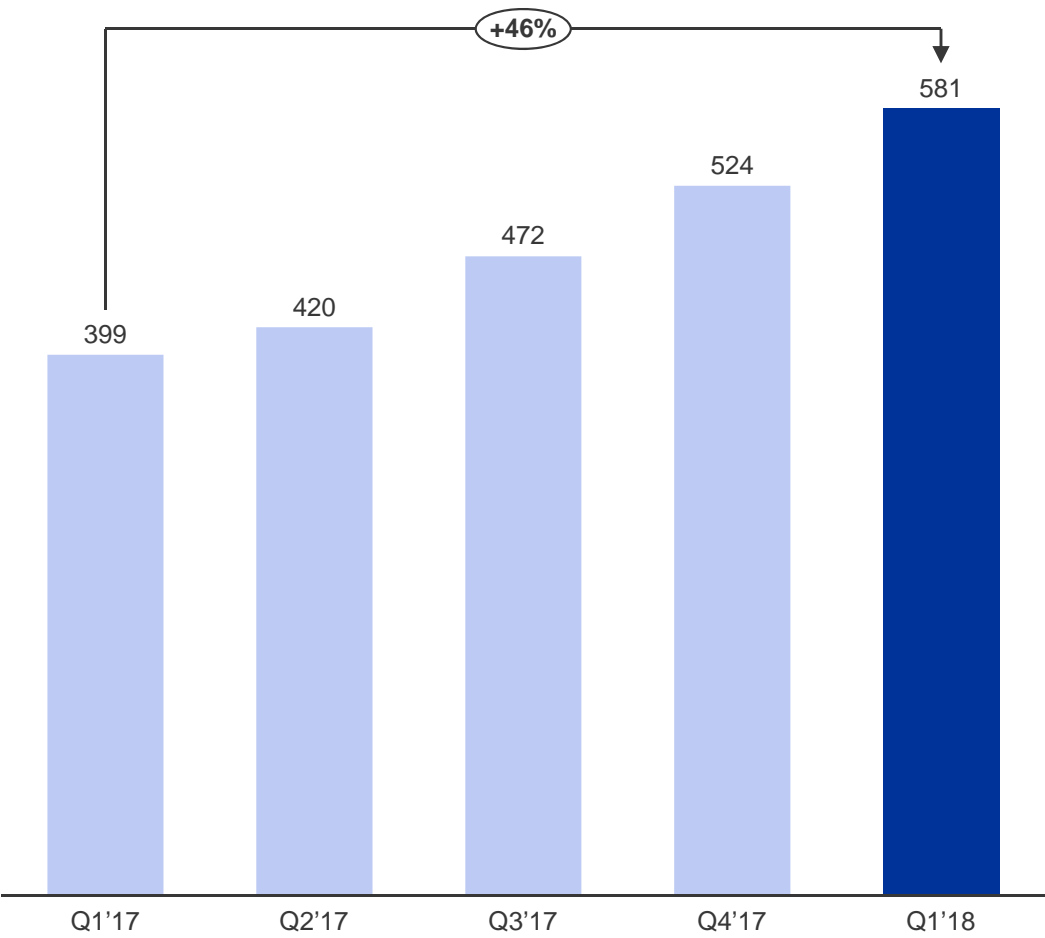
## EBIT

NOKm



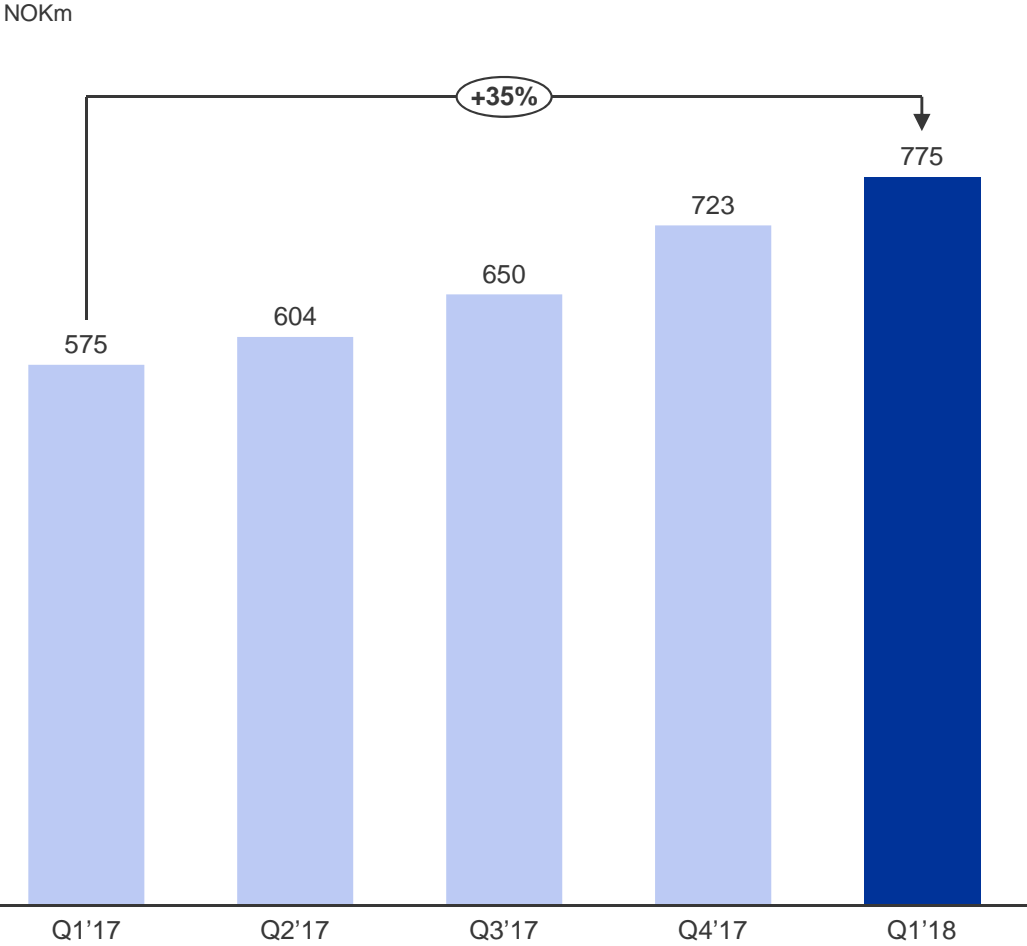
## Cash EBITDA

NOKm

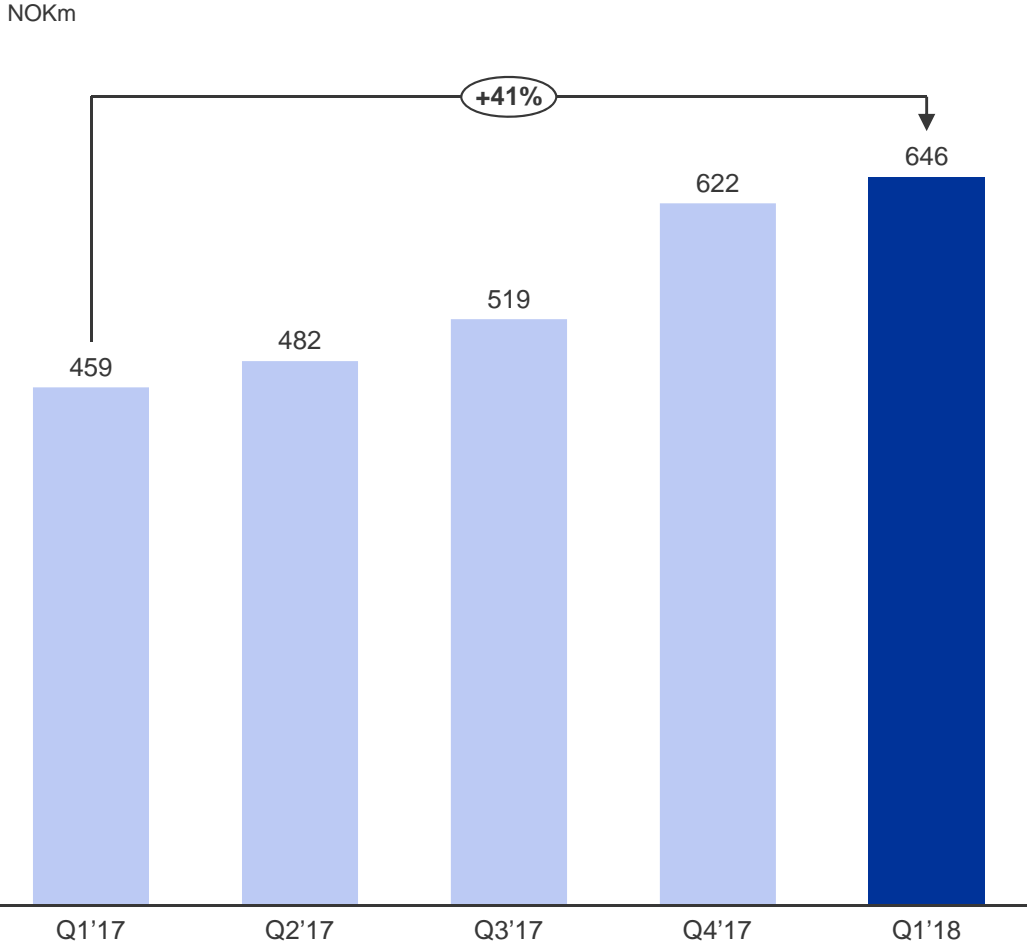


# Cash collection and net operating revenue at record-high levels

## Gross cash collection on portfolios



## Total operating revenue



# 20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	51 118 519	12,58 %
2	RASMUSSENGRUPPEN AS	43 073 236	10,60 %
3	VALSET INVEST AS	24 500 000	6,03 %
4	STENSHAGEN INVEST AS	17 393 376	4,28 %
5	INDIGO INVEST AS	16 383 360	4,03 %
6	VERDIPAPIRFONDET DNB NORGE (IV)	11 093 265	2,73 %
7	JPMORGAN CHASE BANK, N.A., LONDON	9 061 613	2,23 %
8	BRYN INVEST AS	8 676 690	2,13 %
9	VERDIPAPIRFONDET ALFRED BERG GAMBA	7 553 369	1,86 %
10	ARCTIC FUNDS PLC	7 334 734	1,80 %
11	GREENWAY AS	5 802 368	1,43 %
12	FOREIGN AND COLONIAL INVESTMENT	5 584 759	1,37 %
13	STOREBRAND NORGE I VERDIPAPIRFOND	5 318 044	1,31 %
14	VERDIPAPIRFONDET DNB NORGE SELEKTI	5 288 911	1,30 %
15	VEVLEN GÅRD AS	5 190 160	1,28 %
16	SWEDBANK ROBUR NORDENFON	5 000 000	1,23 %
17	EVERMORE GLOBAL VALUE FUND	4 442 267	1,09 %
18	VERDIPAPIRFONDET ALFRED BERG NORGE	4 392 938	1,08 %
19	VERDIPAPIRFONDET PARETO INVESTMENT	3 790 370	0,93 %
20	LIN AS	3 501 670	0,86 %
	Other	161 932 949	39,84 %
	<b>Total</b>	<b>406 432 598</b>	<b>100,00 %</b>

Note: Updated per 22 May 2018



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