



# Q3 2017 Axactor AB

November 1, 2017

**AXACTOR**

## Key highlights Q3



- Axactor and Geveran signs Co-investment Partnership LOI with EUR 300 million in investment capacity
- A private placement of 240 million new shares with gross proceeds of NOK 598 million completed
- Geveran participated in the private placement and has 9.98% of the shares in Axactor AB post share issue
- DNB/Nordea made a 5th tranche of EUR 40 million available with 100% gearing allowed on new NPLs
- Cash EBITDA at EUR 6.2 million for the quarter. Cash EBITDA YTD Q3 of EUR 19.2 million
- Q3 gross collection/EBITDA with seasonality impact – significantly better gross collection/EBITDA expected in Q4

# Events after Q3 closing

## Geveran co-invest transaction closed

- The co-invest transaction with Geveran closed - securing the investment capacity of EUR 300 million
- The co-investment vehicle Bank Funding in place

## New NPL acquisition

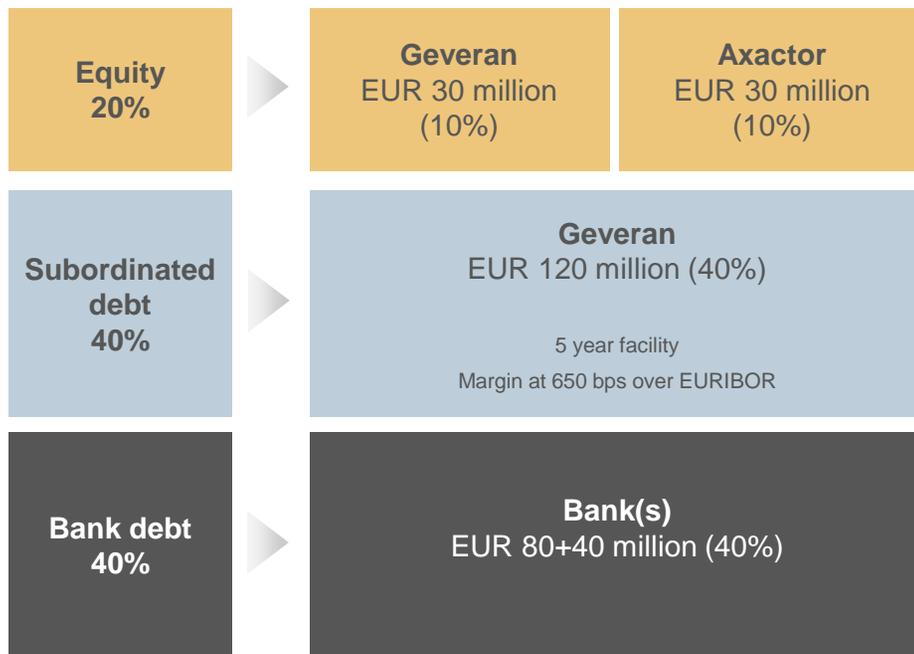
- Acquired an Auto Loan Portfolio in Spain from one of the major European car manufacturers. Total outstanding balance close to EUR 100m and more than 10K claims

## Today's announcement

- First joint deal with Geveran
- Second largest NPL CAPEX transaction since Axactor was established
- Three portfolios acquired from the same bank in one transaction
  - Secured with EUR 94 million FV funded through Axactor/Geveran SPV
  - Unsecured with EUR 300 million FV funded with Axactor cash and bank facility
  - REOs with EUR 40 million appraisal value funded through Axactor/Geveran SPV

# Portfolio investment company

## Capital structure with EUR 300 mill capitalization

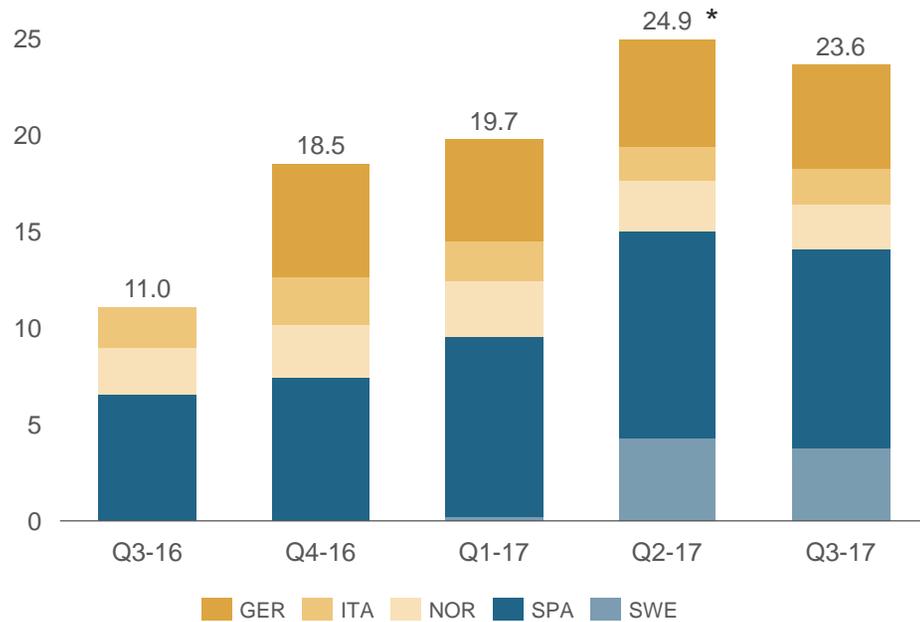


## Rationale for Axactor

- Enables bid for significantly larger portfolios, including new NPL segments
- Optimizes cost of capital for larger purchases due to leverage of up to 80% LTV
- Adding significant collection volumes to collection centers, reducing marginal cost for entire operation
- Axactor AB P&L effect from 50/50 owned SPV
  - 3PC Servicing fee as revenue
  - Net result from SPV as separate revenue item and full EBITDA effect

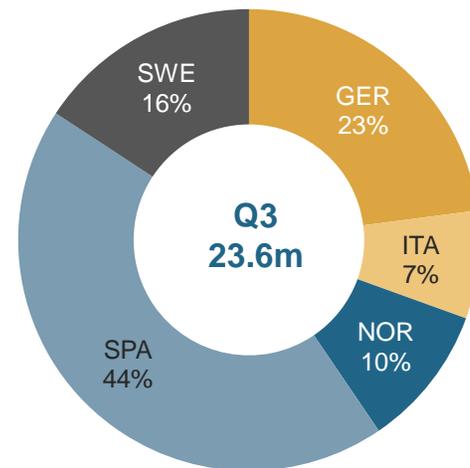
# Balanced revenue mix

Revenue per Quarter (EUR million)



- Q3 revenue negatively impacted by seasonality

Q3 Revenue Distribution per Country

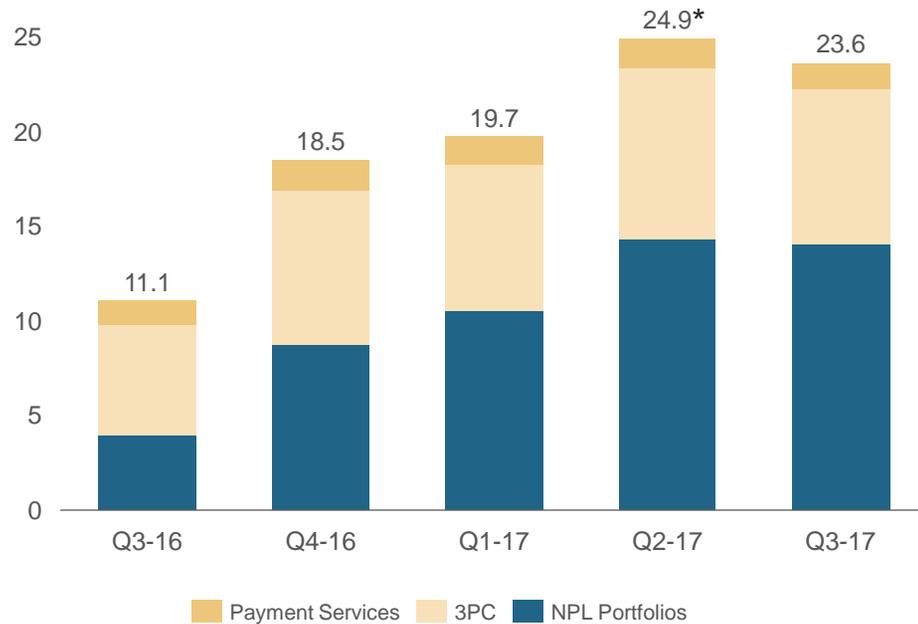


- No significant change in geographic mix
- Swedish revenue mainly derived from the BN portfolio acquired in Q1

\* Q2 settlement with former IGE board members is excluded

# Balanced revenue mix

Revenue Development per Product (EUR million)



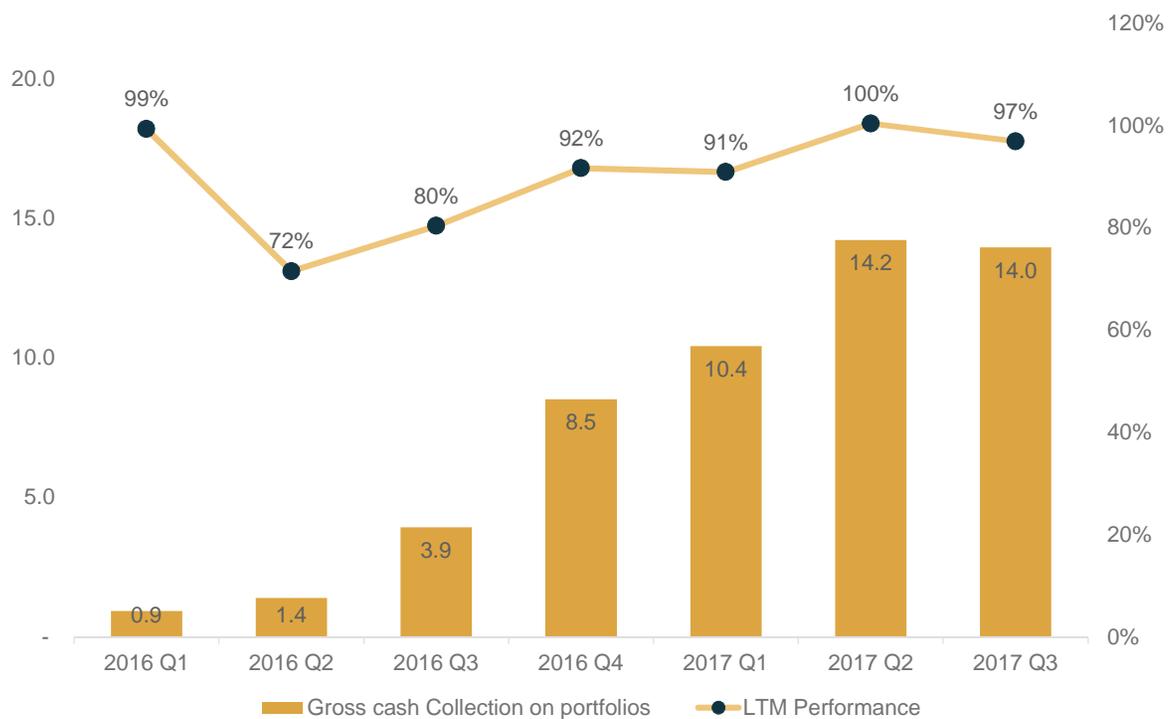
- Q3 with seasonality impact
- Four new significant 3PC contracts signed during Q3
- Good balance between NPL and 3PC
- Payment services/Accounts Receivable Management System currently being rolled out in SWE, GER and ITA

6 \* Q2 settlement with former IGE board members is excluded

# Collection on NPL portfolios vs. Initial business case

(EUR million)

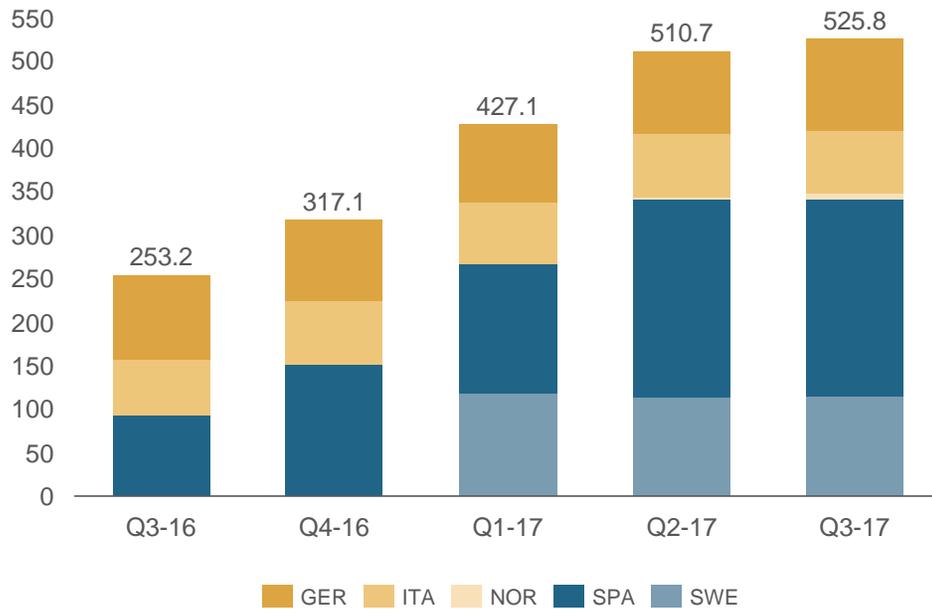
Performance vs. business case



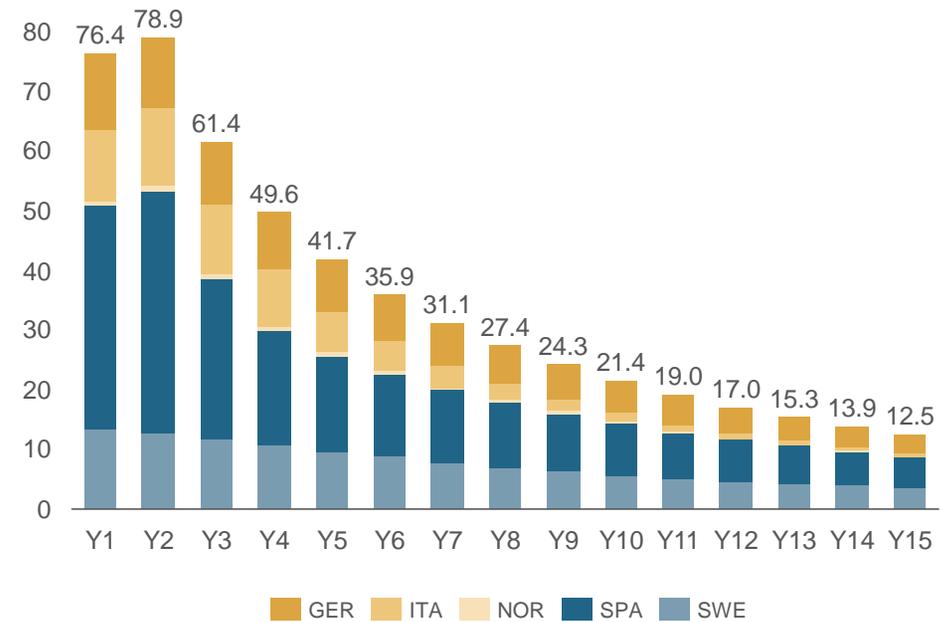
- 2016 performance impacted by external servicing and replacement of old collection systems in all countries
- Q4-16 collection includes a large settlement of 900k which was not modelled in initial business case

# Portfolio Statistics

Historical Development ERC (EUR million)



ERC per year (EUR million)

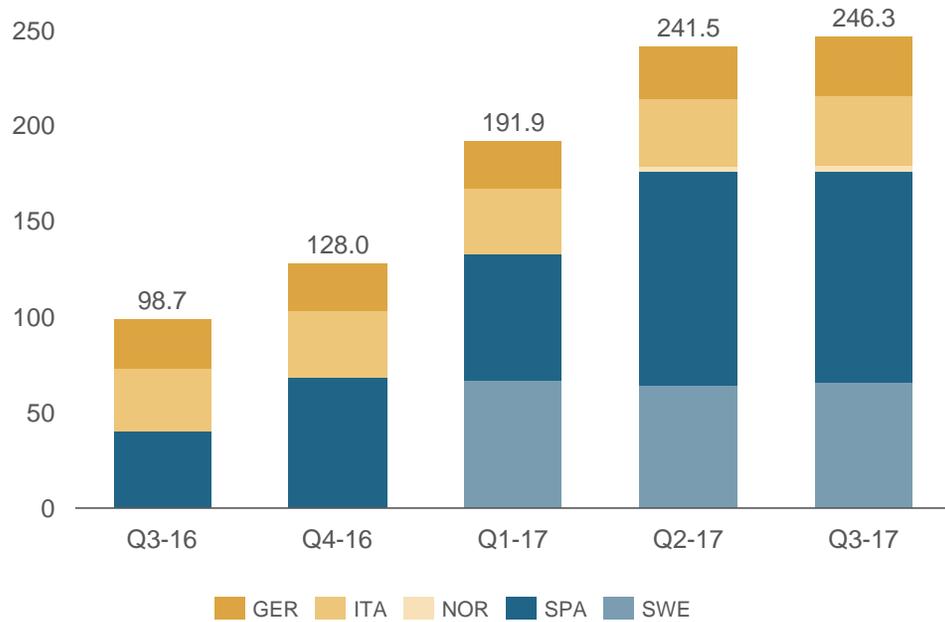


- ERC increase of 108% compared to Q3 2016

- Increase in Y2 improved by forecasted collection on new secured/REO portfolios in Spain
- Rolling forecast adopted in Q3 adds 700k to ERC in Q3

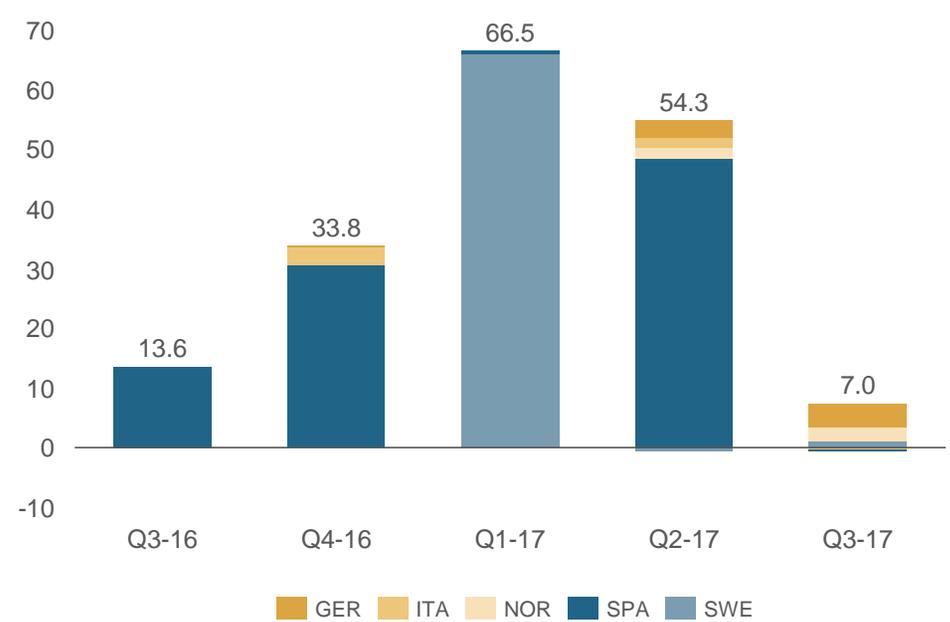
# Portfolio Statistics

Book value Portfolios (EUR million)



- Two portfolios acquired in Germany in Q3-17

Capex (EUR million)



- Entire 2017 NPL CAPEX budget deployed within H1
- Running forward-flow portfolios in Germany, Norway and Sweden accounted for EUR 2.9m out of the EUR 7.0m capex in Q3-17

# Q3 Income statement

## Income statement

EURO 1000'	3Q 2017	3Q 2016
Income	23 617	11 072
Amortization of debt portfolios	-3 544	-378
<b>Net revenue</b>	<b>20 073</b>	<b>10 694</b>
Cost of secured assets sold	-124	0
Personnel expenses collection	-6 650	-2 535
Personnel expenses other	-4 670	-3 097
Operating expenses	-6 612	-5 818
<b>EBITDA</b>	<b>2 017</b>	<b>-756</b>
Amortization and depreciation	-1 340	-945
<b>EBIT</b>	<b>677</b>	<b>-1 701</b>
Financial revenue	958	744
Financial expenses	-1 998	-543
Net financial items	-1 040	201
Profit/(loss) before tax	-363	-1 500
Tax expense	624	-606
<b>Net profit/(loss) from continued operations</b>	<b>261</b>	<b>-2 106</b>
Result for the period attributable to: Equity holders of the Parent Company	261	-2 106
<b>Result for the period</b>	<b>261</b>	<b>-2 106</b>
<b>CASH EBITDA</b>	<b>6 213</b>	<b>80</b>
<b>NORMALIZED EBITDA</b>	<b>2 017</b>	<b>-756</b>

## Key comments

- 113% Y/Y Revenue growth
- Double digit EBITDA margin at 10%
- Cash EBITDA above EUR 6 million
- Interest cost for the quarter is EUR 1.8 million

# Q3 Balance Sheet

## Assets

EURO 1000'	30.09.2017	30.09.2016	31.12.2016
<b>Intangible non-current assets</b>			
Intangible assets	18 386	17 078	18 347
Goodwill	54 756	51 094	53 491
Deferred Tax Asset	2 234	481	1 442
<b>Tangible non-current assets</b>			
Property, Plant and equipment	2 506	3 312	2 365
<b>Financial non-current assets</b>			
Investment in joint ventures	3 052		
Purchased debt portfolios	237 927	98 707	127 989
Other long term receivables	1 123	2 240	998
Other long term investments	226	113	415
<b>Total non-current assets</b>	<b>320 210</b>	<b>173 026</b>	<b>205 046</b>
<b>Current Assets</b>			
Stock of secured assets	8 373	0	
Current receivables	7 227	6 224	5 652
Other current assets	8 860	8 805	7 563
Restricted cash	2 589	2 100	1 510
Cash and cash equivalents	54 748	32 008	62 476
<b>Total current assets</b>	<b>81 797</b>	<b>49 137</b>	<b>77 202</b>
<b>TOTAL ASSETS</b>	<b>402 007</b>	<b>222 163</b>	<b>282 248</b>

## Key comments

- Book value of NPLs is 246m, including Stock of Secured Assets (Spain)
- Available cash at end of Q3 is 54.7 million

# Q3 Balance Sheet

## Equity and liabilities

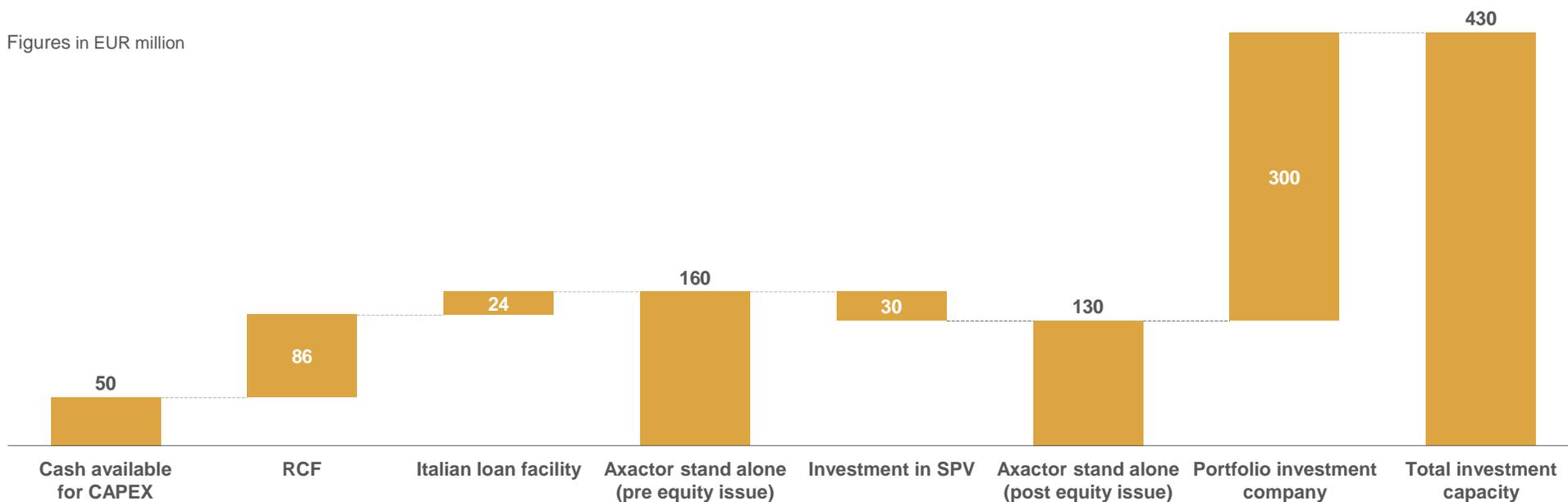
EURO 1000'	30.09.2017	30.09.2016	31.12.2016
<b>Equity for equity holders of the parent</b>			
Share capital	79 377	49 133	64 198
Other paid-in capital	195 773	195 611	262 414
Retained earnings for the period	-15 017	-139 786	-147 438
Reserves	-184	2 734	3 714
<b>Total equity</b>	<b>259 948</b>	<b>107 691</b>	<b>182 888</b>
<b>Non-current liabilities</b>			
Non-current interest bearing debt	71 072	76 076	25 149
Deferred tax liabilities	6 815	7 141	5 960
Other non-current liabilities	3 447	3 943	3 400
<b>Total long term liabilities</b>	<b>81 334</b>	<b>87 160</b>	<b>34 510</b>
<b>Current liabilities</b>			
Accounts payable	2 753	7 044	6 648
Current portion of non-current borro	45 020	8 506	48 852
Taxes Payable	-445	663	387
Other current liabilities	13 398	11 098	8 962
<b>Total current liabilities</b>	<b>60 725</b>	<b>27 312</b>	<b>64 850</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>402 007</b>	<b>222 163</b>	<b>282 248</b>

## Key comments

- Total interest bearing debt of EUR 116.1 million whereof EUR 29.9 million in Italy
- Equity ratio 65%, up from 54% in Q2-17

# End Q3 investment capacity of EUR 430m

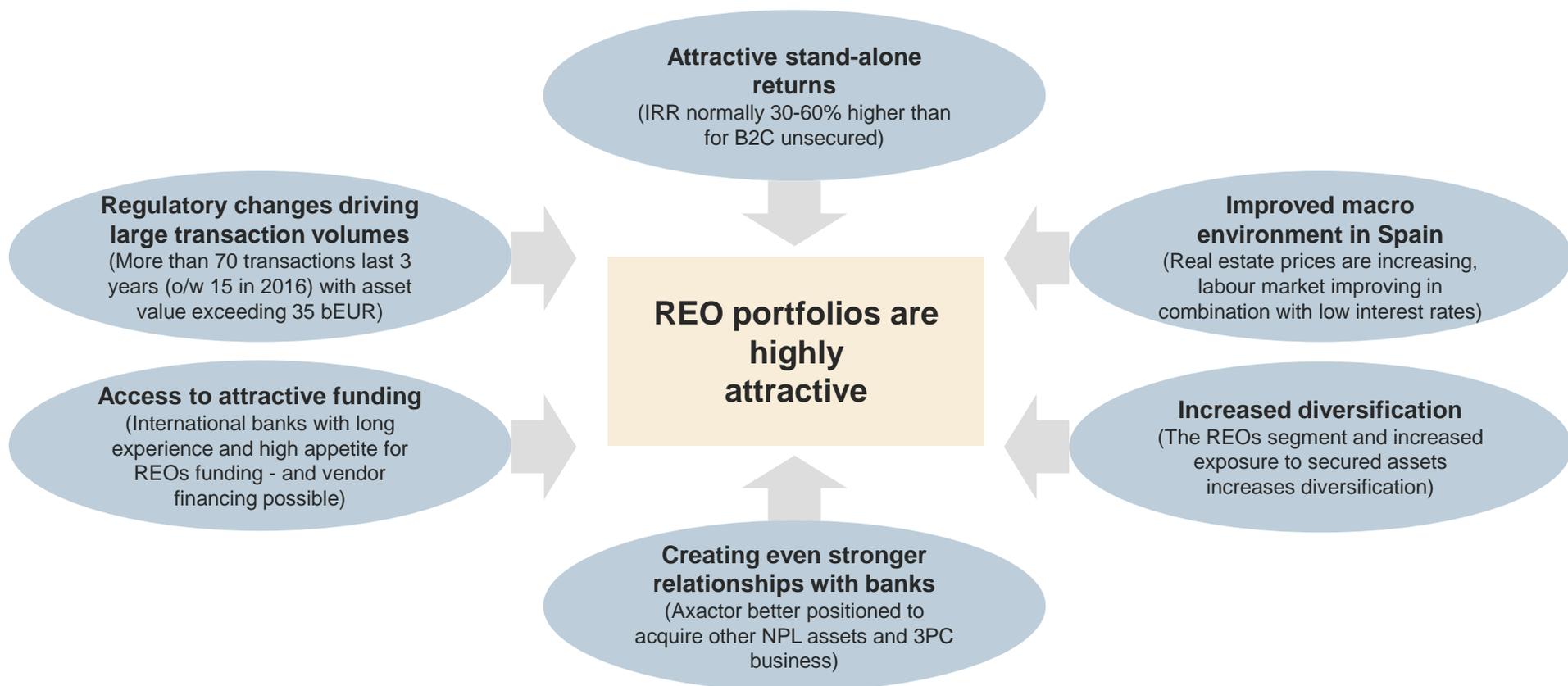
Figures in EUR million



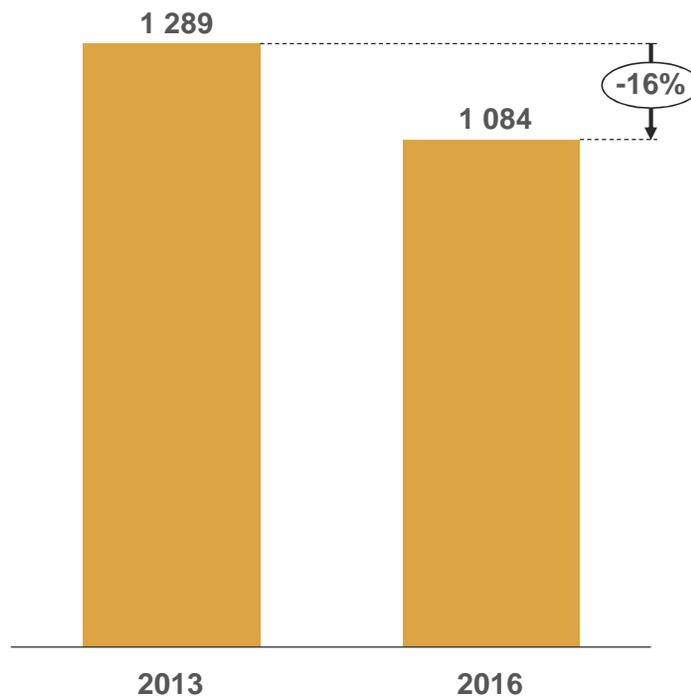
Additional investment capacity available after refinancing

# Entering new market segment in Spain - and market trends in Europe

# The Real Estate Owned (REO) market in Spain is an attractive segment for Axactor



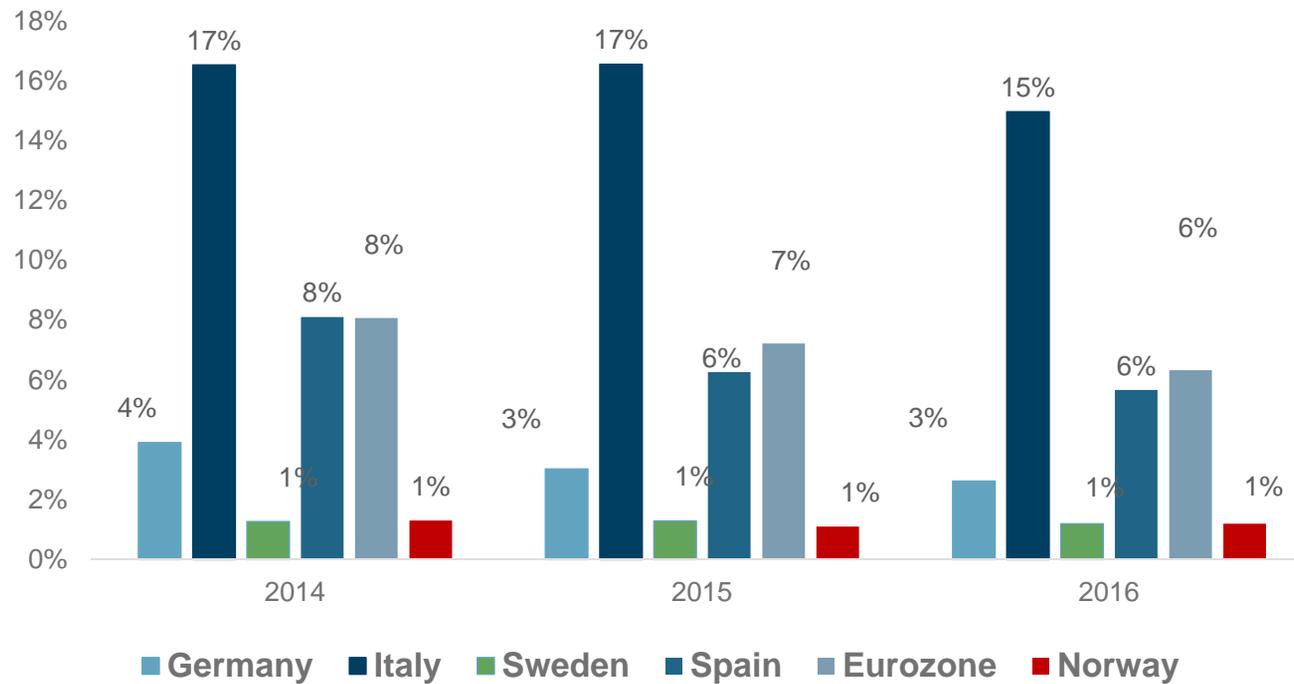
# “Clean up” of the bank’s balance sheets has just started...



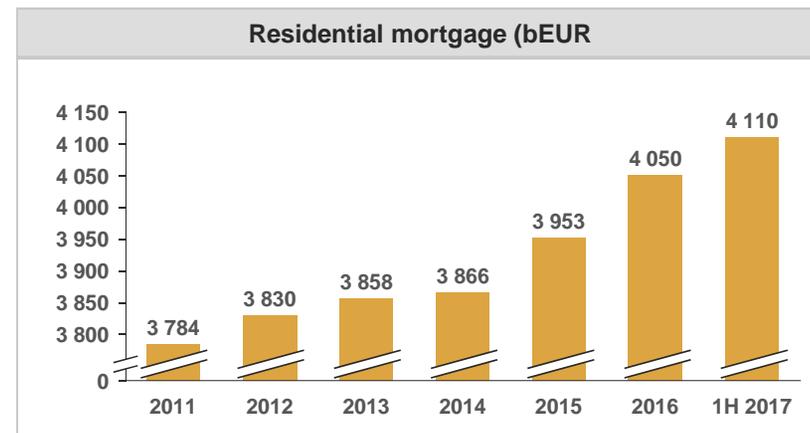
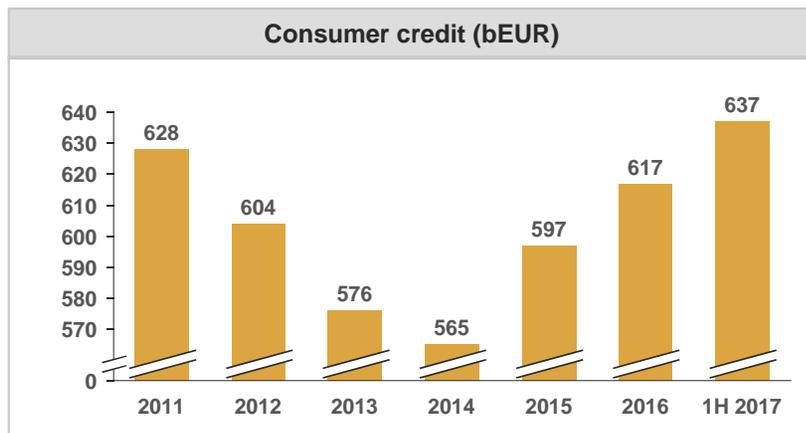
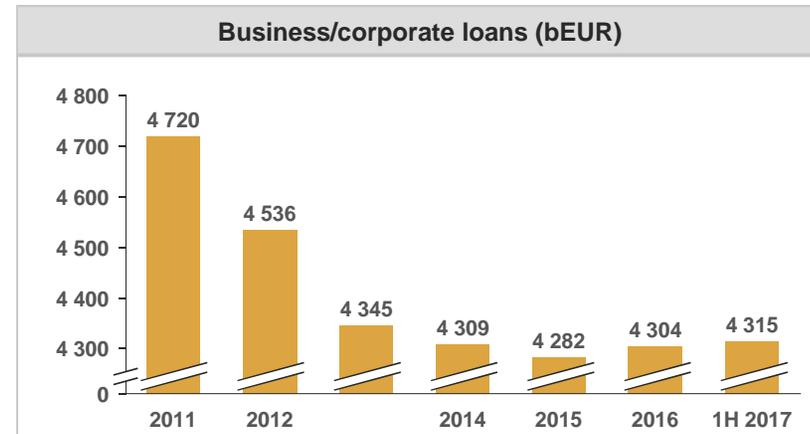
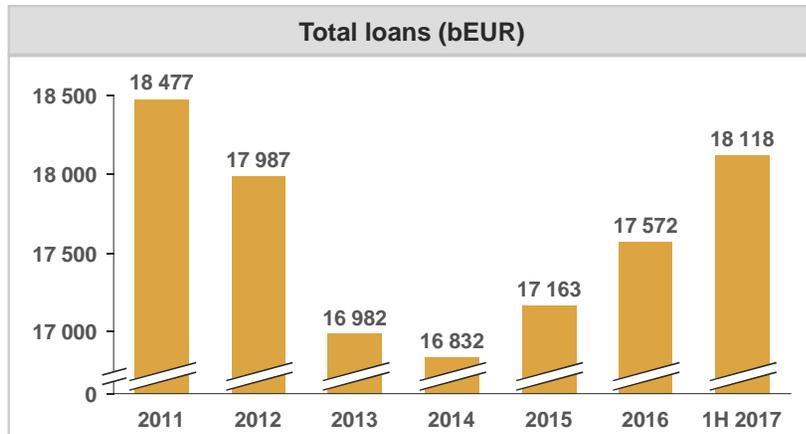
- A modest 16% reduction of NPLs on the bank’s balance sheets
- Deleveraging to continue due to regulatory pressure
- Large volumes of NPLs and REOs currently offered in the market

# NPL ratio as % of total gross loans is decreasing

NPL ratio as % of total gross loans



# Eurozone banking overview



# Summary Q3 Presentation

- Q3 gross collection/EBITDA with seasonality impact – significantly better gross collection/EBITDA expected in Q4
- Double digit EBITDA margin
- Equity issue with gross proceeds of appx EUR 64 million
- Co-invest agreement with Geveran closed in October creating a vehicle with EUR 300 million investment capacity
- Total investment capacity currently (end Q3) at EUR 430 million
- Very strong Q4 pipeline
- Three new portfolios acquired in Spain from a large financial institution acquired in October
- Axactor enters the REO (real estate owned) segment in Spain

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