

Q4 and preliminary results 2015



29 February 2016

Agenda



1. Introduction to B2Holding

2. Financials

B2Holding is one of the leading debt purchasers and collection players in Europe focusing on attractive regions

B2Holding today

- Shares listed on OTC with a MCAP of around NOK 4.5bn
- 1,331 employees (as of 31 December 2015), headquarter in Oslo
- Established as one of the leading debt purchaser and collection player in attractive regions
 - Pan-European platform established in the Nordics, the Baltics and Central and Eastern Europe (Poland and the Balkans)
- Main focus on NPLs from the banking sector as well as providing third party debt collection solutions on behalf of clients
- Overall administration, financing and business development coordinated from Oslo
- Centre of excellence for portfolio investments set in Luxembourg
 - Analysis, valuation, scoring and benchmarking to be carried out by an experienced team

Geographical presence

Platforms and portfolios:

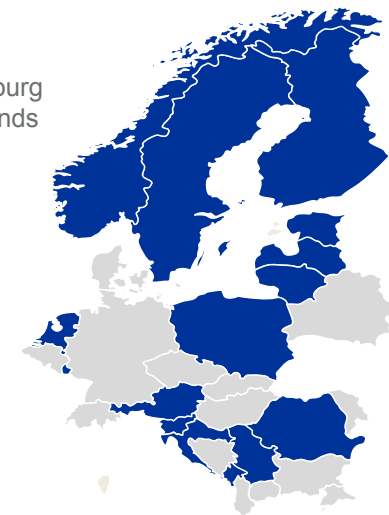
Norway
Sweden
Finland
Estonia
Latvia
Poland
Croatia
Serbia
Slovenia
Montenegro

Portfolios (no operation):

Italy
Lithuania
Denmark
Romania

Offices:

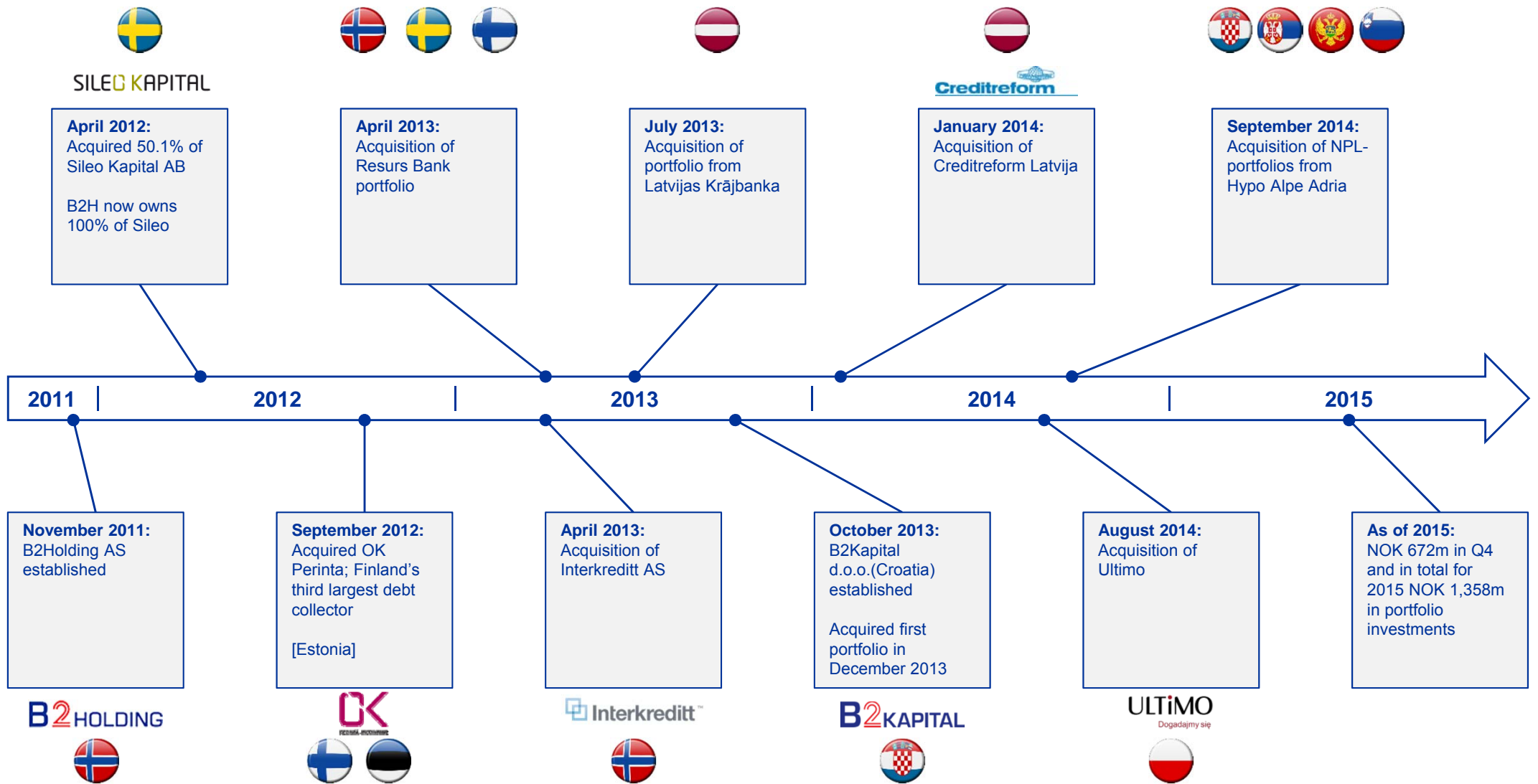
Austria
Luxembourg
Netherlands



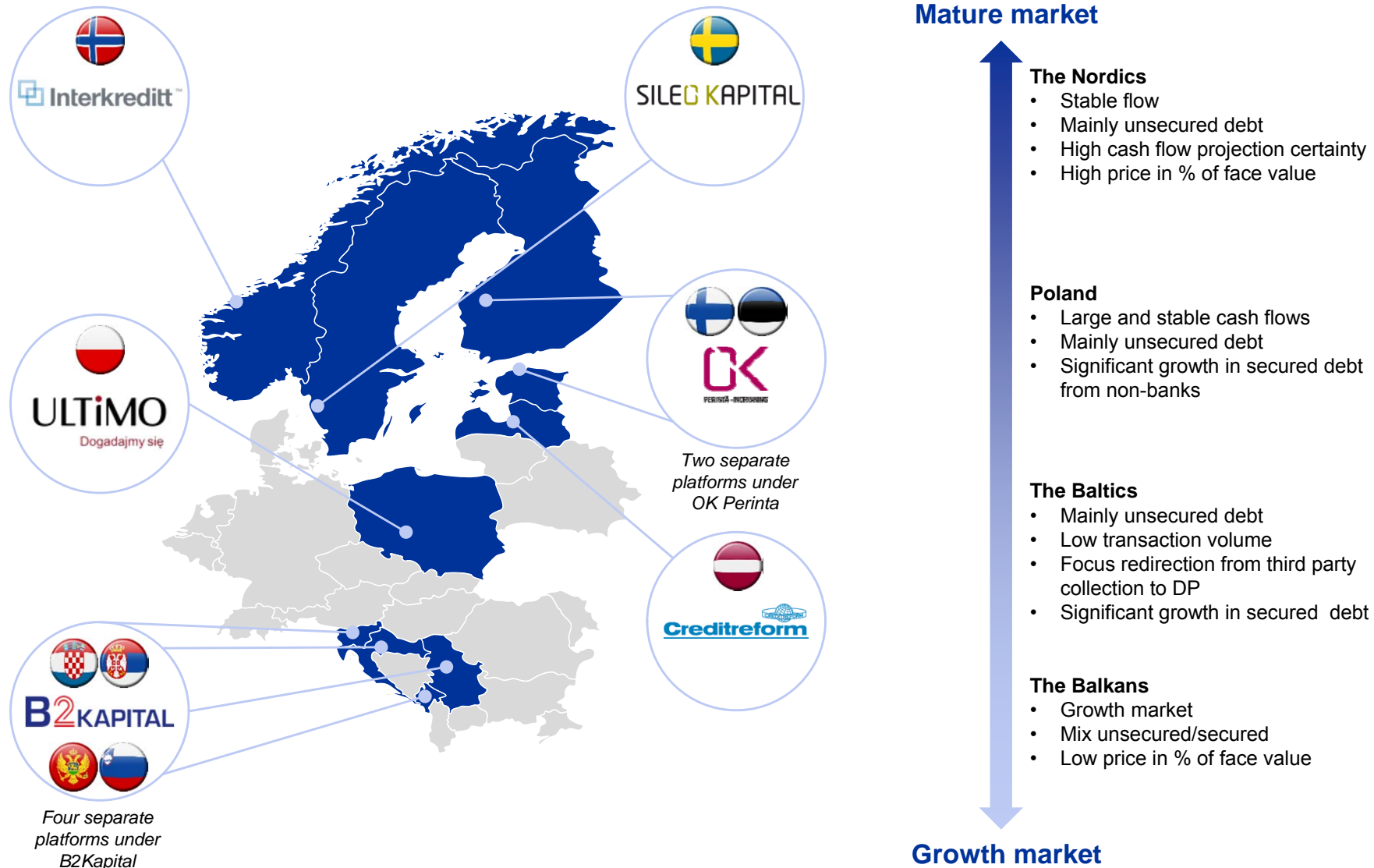
Key facts and figures

NOKm	2014	2015	Q4 2014	Q4 2015
Total cash revenue	740	1,500	330	469
Total operating revenue	510	1,076	244	345
Cash EBITDA	333	829	140	240
EBITDA	103	405	54	117
Equity ratio	46%	35%	46%	35%
Total Estimated remaining collection (ERC)	4,430	6,490	4,430	6,490
Total claims outstanding (mill)	3.45	3.99	3.45	3.99
Portfolio face value	30,931	44,221	30,931	44,221

European platform built through acquisitions of well-established companies



Established a unique market position through 10 collection platforms: – A diversified risk profile



Established
(month/year)

11 / 2011

Employees
(#)

~1,331

Cash revenue
(NOKm)

~1,500

Collection platforms
(#)

10

Portfolios acquired
(#)

2,000+

Equity raised
(NOKm)

~1,500

Countries present*
(#)

14

Total ERC
(NOKm)

~6,490

Net interest-bearing debt
(NOKm)

~1,800

B2 Holding current status

Highlights for the fourth quarter

- B2Holding has established itself as one of the leading players in the markets where the Group operates
- Important events
 - Raised EUR 150m in bond debt and refinanced existing debt with an EUR 260m bank facility
 - High portfolio purchases in Q4 with a total of NOK 672m invested
 - Hired team focused on secured claims, and invested in secured portfolios – building up portfolio workout department
- Overall portfolio activity is high, with significant investment opportunities in the Group's existing markets
 - The group acquired portfolios in all markets where it has presence, and views this as a good sign that the current geographic foot print is a solid platform for further growth
 - In the Balkans activity is high, and the organization is growing on the back of new portfolios acquisitions
- Strong growth and strong portfolio pipeline
- M&A opportunities are under evaluation
- Key financial targets established

Agenda



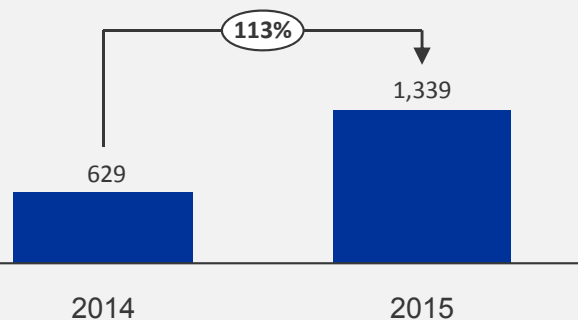
1. Introduction to B2Holding

2. Financials

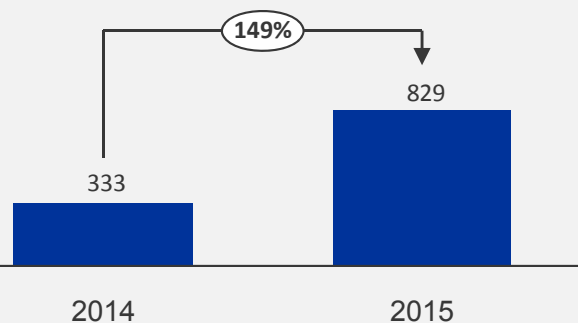
Financial highlights as of Q4'15

Increasing collections and Cash EBITDA

Cash collection (NOK)

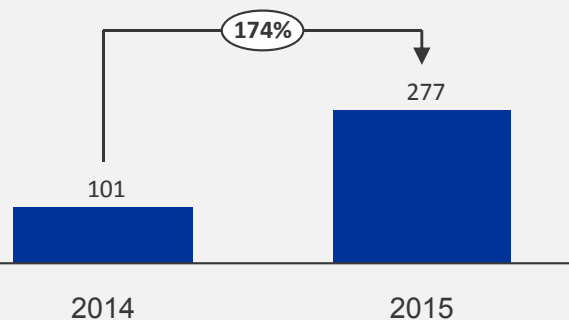


Cash EBITDA (NOK)²

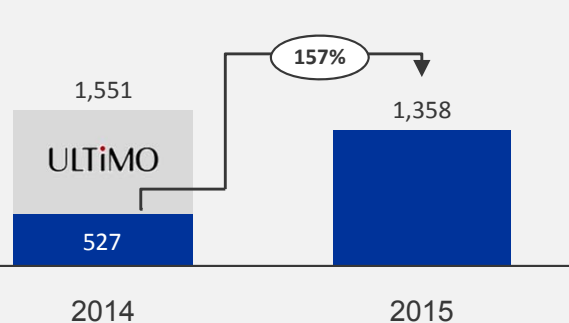


Increasing profits and acquisition activity

Adjusted net profit (NOK)¹



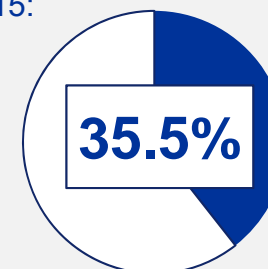
Portfolio acquisitions



Solid balance sheet and return on capital

Equity ratio²

2015:



2014: 46.4%

Adjusted ROE¹

2015:

18.2%

2014: 12.2%

Available liquidity (NOK)⁴

2015:

NOK 1.8 billion

1) Adjusted for extraordinary items. ROE based on average equity

2) 39.4% equity ratio based on target cash position of NOK 300m

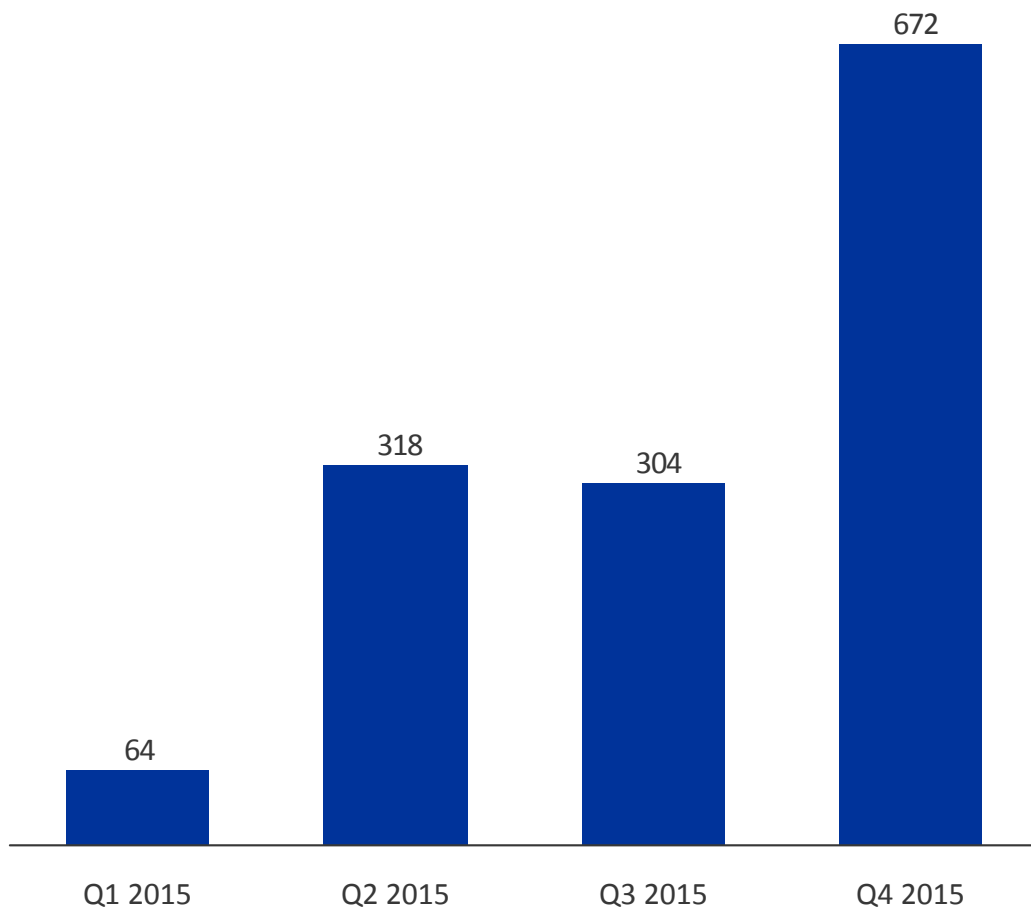
3) Cash EBITDA defined as operating EBITDA plus portfolio amortisation

4) Excess cash (cash above minimum cash position of NOK 300m) plus undrawn amount on the revolving credit facility

Strong acquisition activity in the fourth quarter

Portfolio purchases

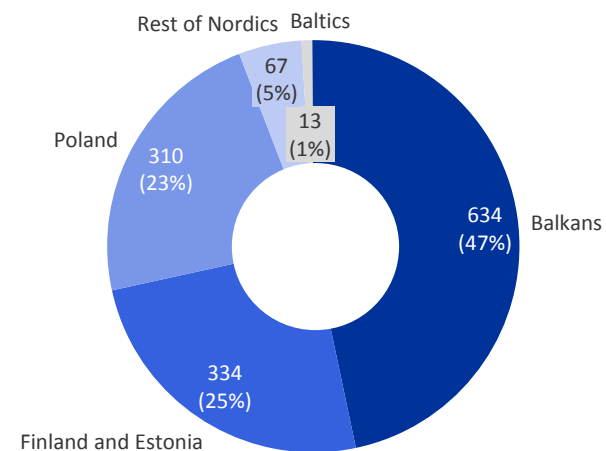
NOK million



Comments

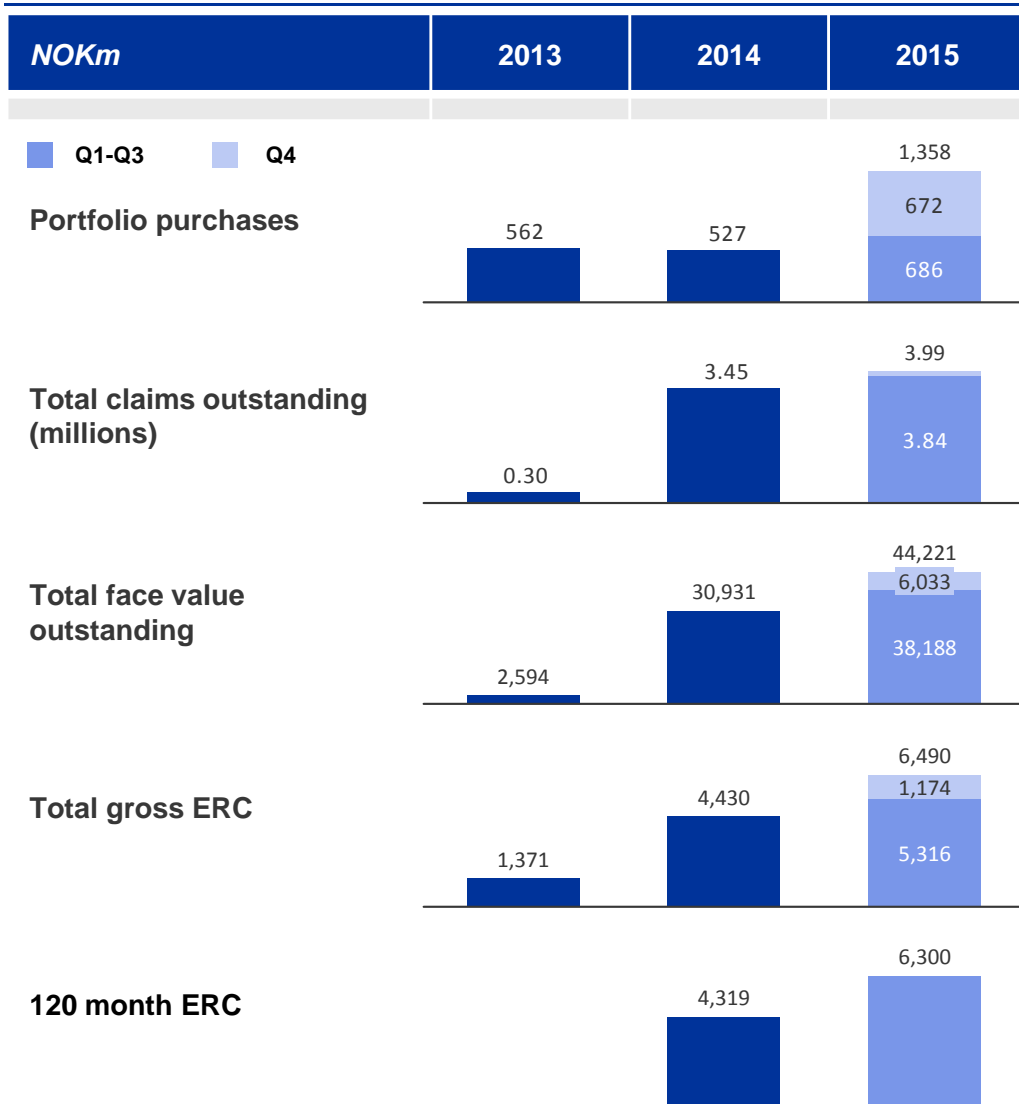
- Activities in connection with portfolio acquisitions were high,
- The group acquired portfolios in all markets where it has presence, and views this as a good sign that the current geographic foot print is a solid platform for further growth
- In the Balkans activity is high, and the organization is growing on the back of new portfolios acquisitions

2015 portfolio purchases by geography (NOKm)

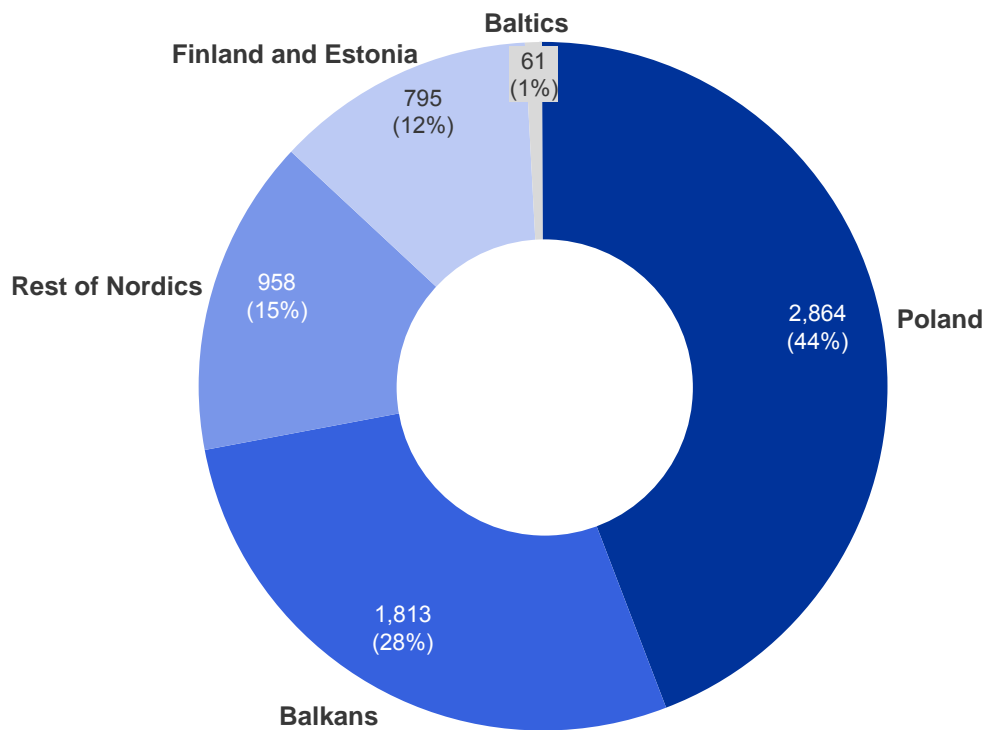


Healthy portfolio growth in attractive markets

Portfolio development

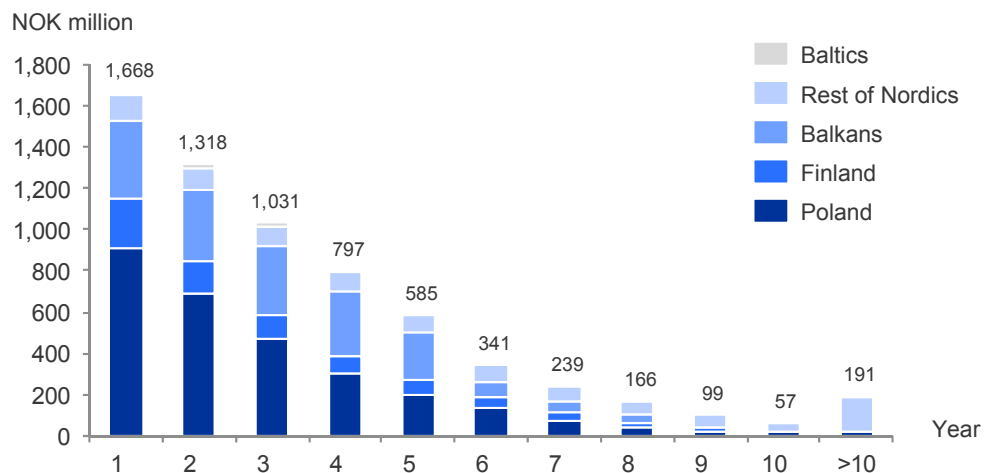


Gross ERC split by region per 2015 (NOKm)



Diversified debt portfolio with Poland as largest contributor

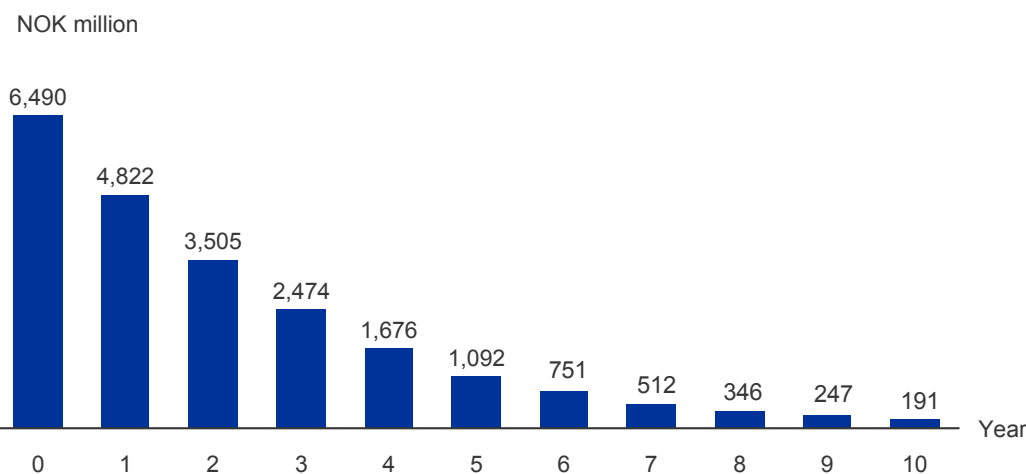
Gross ERC split by estimated collection



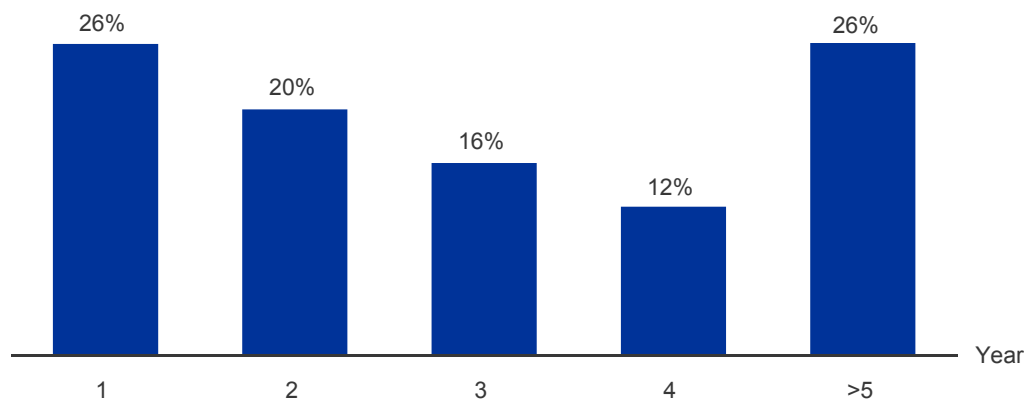
Gross ERC split by estimated collection table

Region	Year									
	1	2	3	4	5	6	7	8	9	10
Poland	908	686	468	301	202	134	73	36	21	13
Finland & Estonia	241	162	117	83	64	48	36	29	14	1
Balkans	384	350	339	319	234	82	60	38	7	-
Rest of Nordics	117	105	95	87	81	75	69	63	56	42
Baltics	18	15	11	7	4	2	1	0	0	0
Total	1,668	1,318	1,031	797	585	341	239	166	99	57

Gross ERC development w/o any new portfolio purchases



Estimated collections in % of total gross ERC

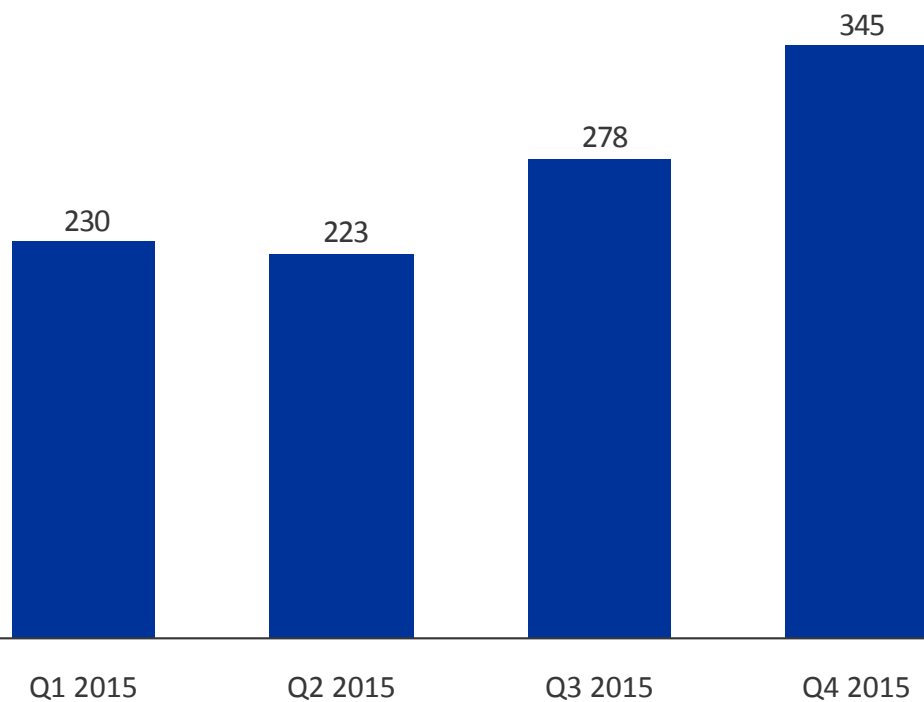


All figures as of December 2015

Strong growth in both total operating revenues and gross cash collection

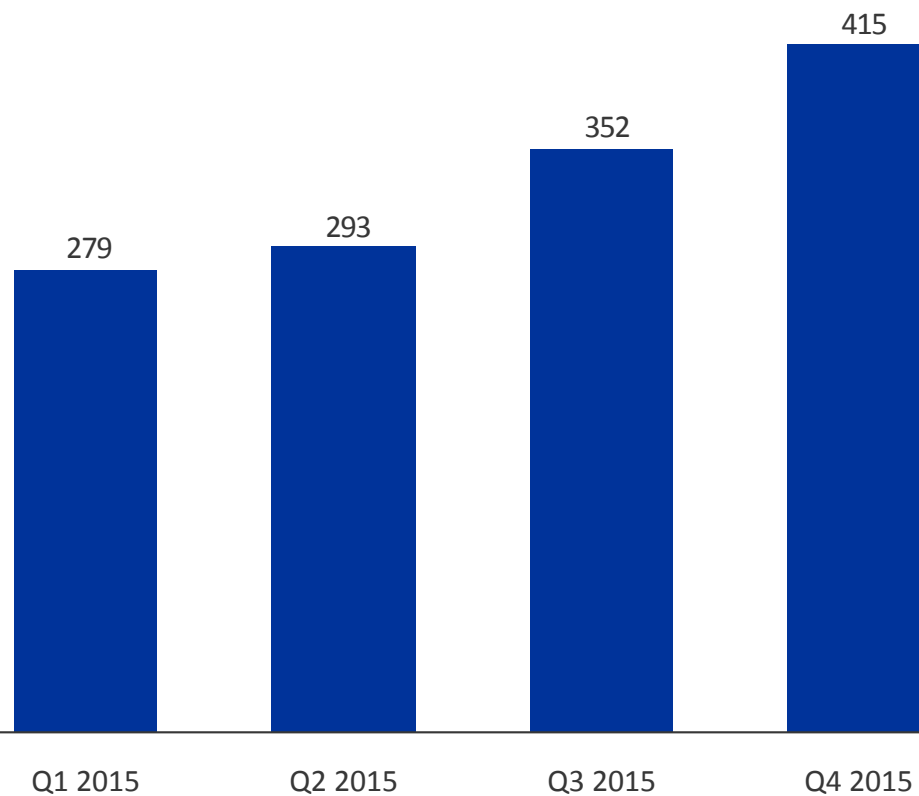
Net operating revenue

NOK million



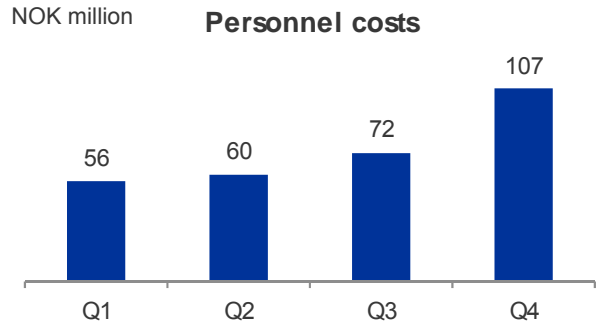
Gross cash collection

NOK million

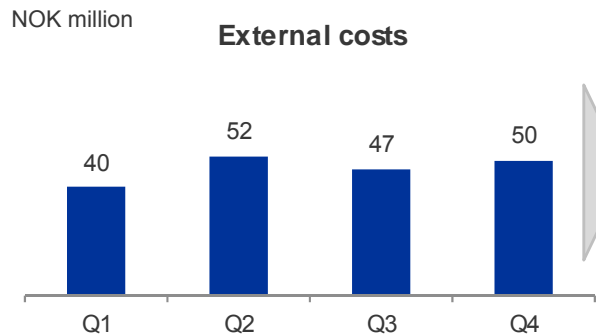


Operating cost development reflecting a company in growth

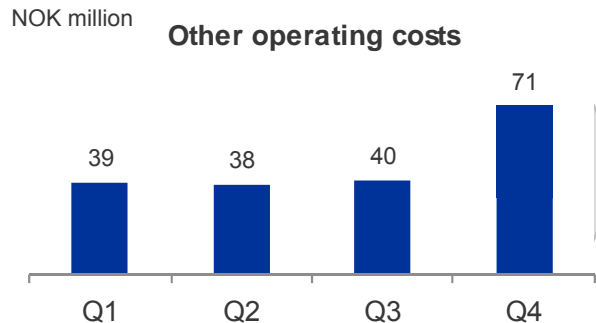
Total operational costs per quarter



Increase in personnel costs is related to the increase in number of employees, from 960.2 in December 2014 to 1,177 in December 2015 and non-recurring items related to transaction bonuses



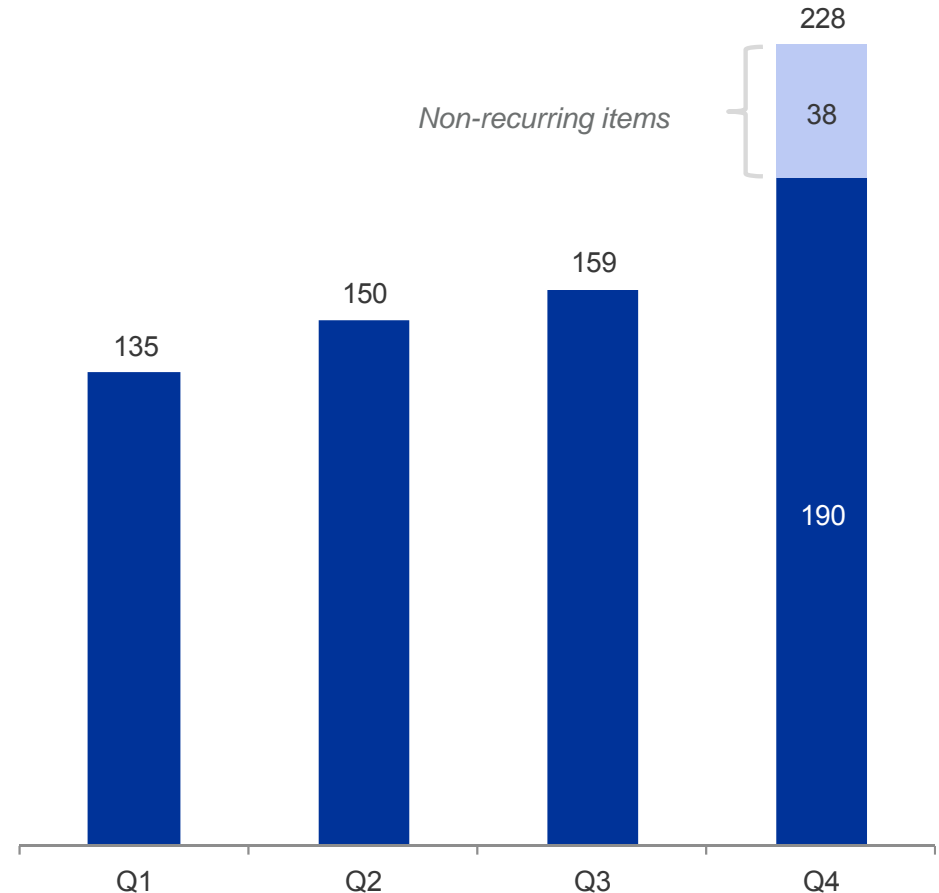
Stable development in external costs even though the company's collections grew substantially



Other operating expenses in Q4 increased due to advisory costs and expenses related to the debt refinancing and bond issue

Operational costs split

2015 was a year of significant growth and the company ramped up its organisational capabilities to support this expansion

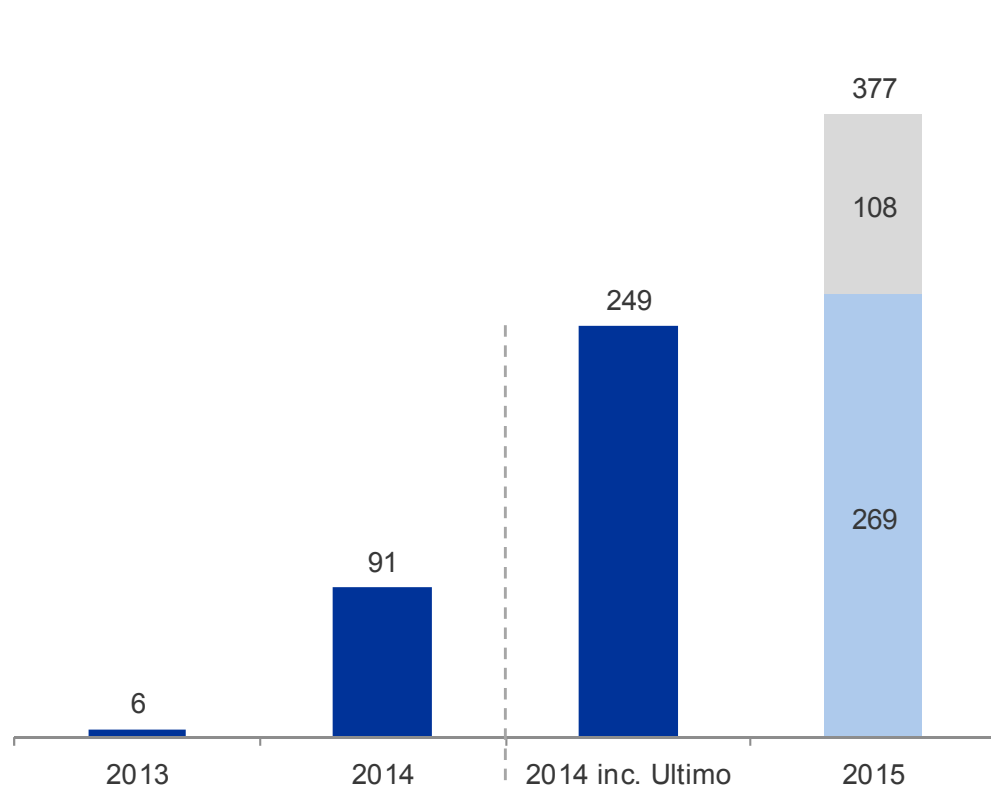


Strong top-line growth and disciplined cost control, even in a rapid expansion phase, increases profitability

Operating profit

NOK million

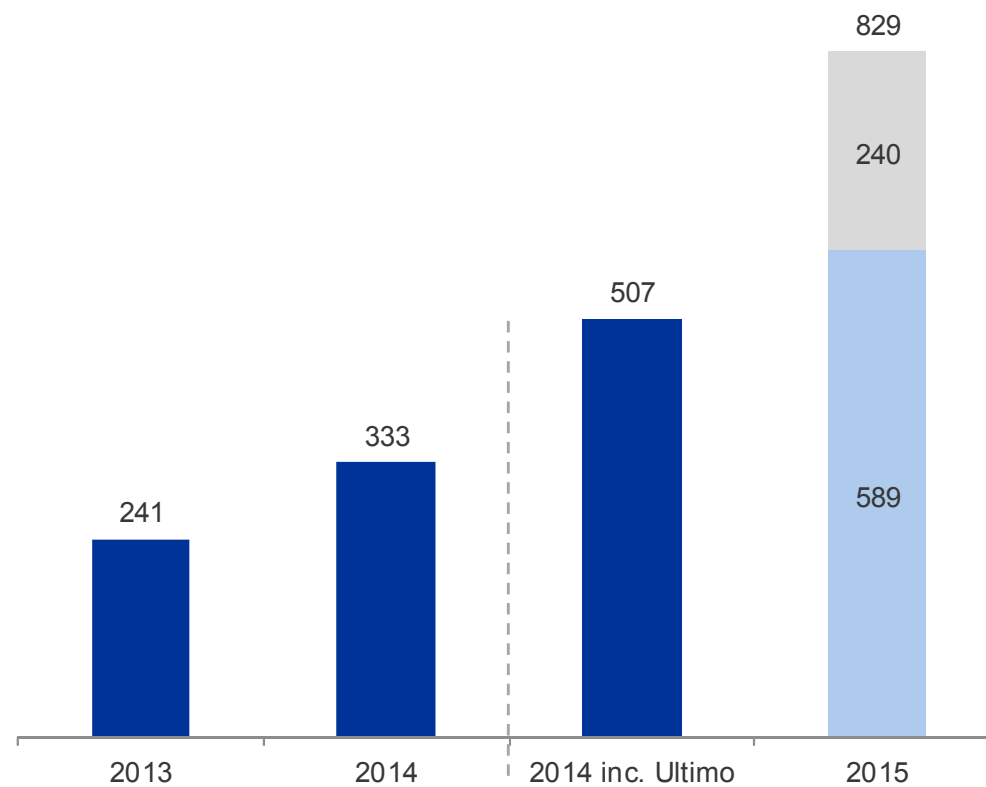
■ Q1-Q3 ■ Q4



Cash EBITDA

NOK million

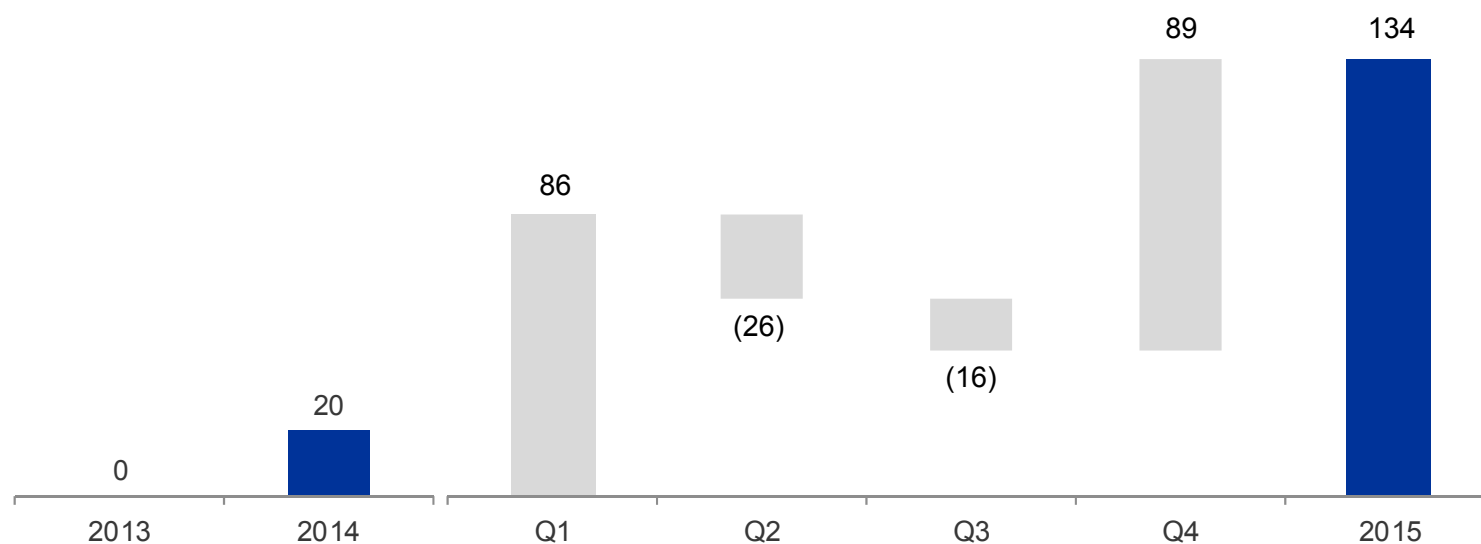
■ Q1-Q3 ■ Q4



Net financials

Net financial costs (income)

NOK million



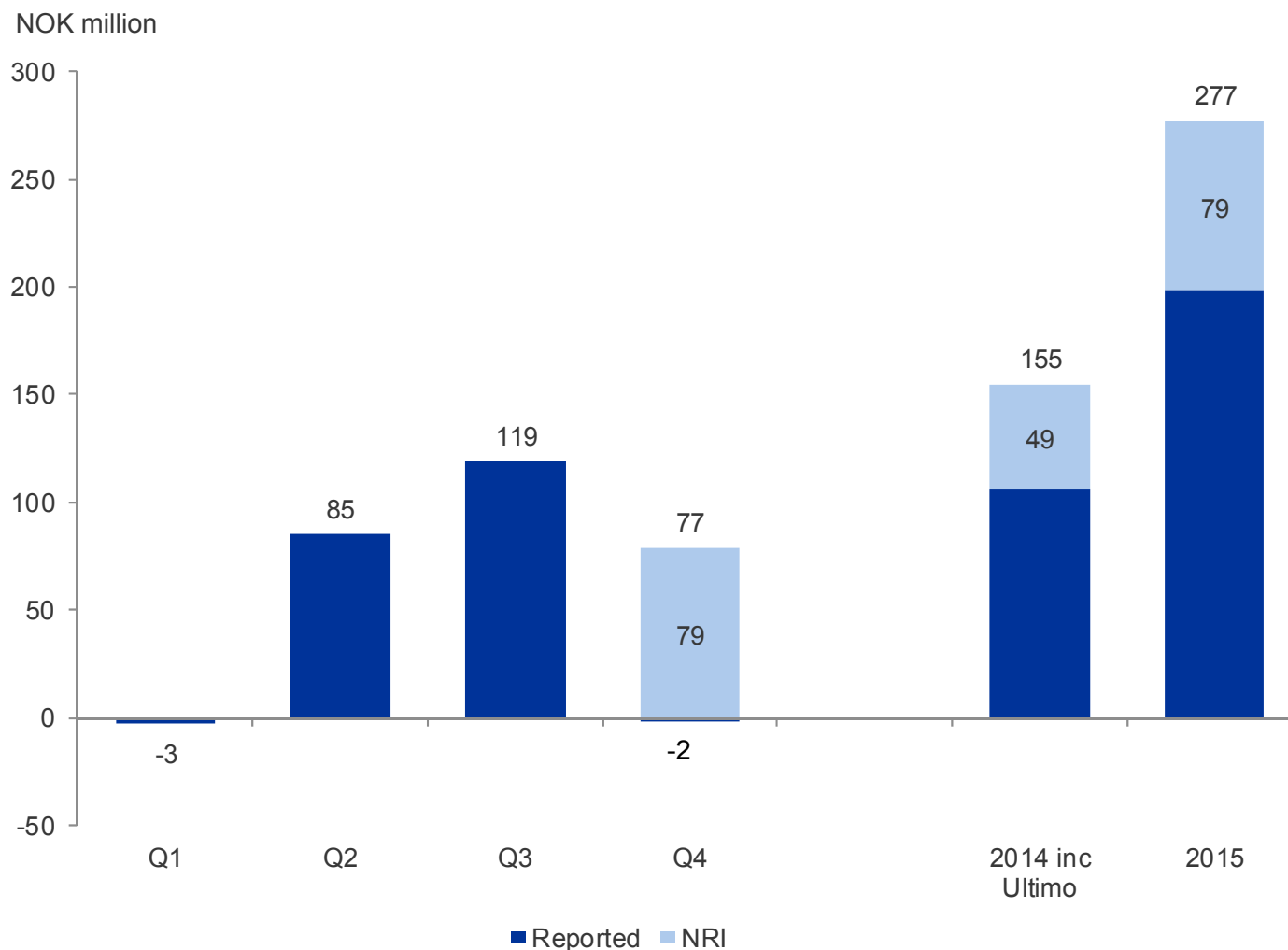
NOKm	2013	2014	Q1'15	Q2'15	Q3'15	Q4'15	2015
Share of results in associated companies	0.0	0.0	0.0	-0.3	0.2	-0.1	-0.2
Net realised and unrealised exchange gains	-2.0	-2.0	66.6	-40.1	-47.4	-13.3	-34.2
Interest income	-24.0	-43.0	-1.9	-0.5	0.7	-0.5	-2.2
Interest expenses	16.0	44.0	19.4	19.9	25.3	40.0	104.6
Other financial items	10.0	21.0	2.1	-4.5	5.0	63.3	65.9
Net financial items	0.0	20.0	86.2	-25.5	-16.1	89.3	133.9

Comments

- Interest expenses for 2015 of NOK 104.2m
- Change in value on derivative financial instruments of NOK 16.8 for the year
- Other financial items include change in contingent considerations to former owners of acquired subsidiaries, amounting to NOK 45m in 2015
 - Increased earn-out payments due to strong performance in acquired companies
- Positive effect from net exchange gain of NOK 34.2m in 2015

Reported and adjusted net profit

Net profit and non-recurring items



Comments

- Strong underlying top-line growth – 175% (adjusted for non-recurring items)
- Non-recurring operational expenses related to transaction bonuses, advisory costs and expenses related to the refinancing and bond issue of NOK 34m (net of tax).
- Non-recurring financial expenses related to contingent considerations to former owners of acquired subsidiaries amounted to NOK 45m in 2015
 - Increased earn-out payments due to strong performance in acquired companies
- Transaction costs attributable to the Ultimo acquisition of NOK 48.8m in 2014

Financial highlights: Income statement

Income statement

NOKm	2013	2014	2014 inc. Ultimo	2015 unaudited	Q4'15
Interest income on purchased loan portfolios ¹	99	400	732	915	291
Revenue from external collection	86	91	91	104	34
Other operating revenues	3	20	23	57	20
Net operating revenues	188	511	846	1,076	345
Excess cash from collection over income ²	234	230	242	424	124
Total cash revenue	422	740	1,088	1,500	469
External costs of services provided	-62	-119	-183	-189	-50
Personnel costs	-72	-136	-205	-294	-107
Other operating expenses	-46	-152	-191	-188	-71
Cash EBITDA	242	333	507	829	240
EBITDA	8	103	265	405	117
Depreciation and amortization	-3	-12	-16	-28	-8
EBIT	6	91	249	377	108
Net financials	0	-20	-119	-134	-89
Tax	-4	-19	-24	-45	-21
Net profit	2	52	106	198	-2
Non-recurring items (net of tax)		49	49	79	79
Adjusted net profit		101	154	277	77

Comments

- Strong operational performance in Q4, ending the year with solid growth in key metrics
- Financial results impacted by significant non-recurring items and ramping up of organisation to handle future growth in portfolio acquisitions

1) Interest income including change in portfolio cash flow estimates, explained by permanent deviations to initial NPV of non-performing loan portfolio

2) Actual cash collection over interest income on purchased loan portfolios – equal to portfolio amortisation

Financial highlights: Balance sheet

Balance sheet

NOKm	2013	2014	2015 unaudited
Tangible and intangible assets	38	419	418
Other long term financial assets	0	2	2
Non performing loans portfolio	562	2,017	3,168
Loan receivables & other financial assets	7	168	286
Total long term financial assets	569	2,187	3,455
Other short term assets	10	60	70
Cash & short term deposits	118	294	765
Total current assets	128	354	835
Total assets	734	2,960	4,708
Total equity	280	1,372	1,672
Long term interest bearing loans & borrowings	302	1,053	2,526
Other long term liabilities	39	67	91
Total long term liabilities	340	1,120	2,617
Short term interest bearing loans	41	159	0
Other short term liabilities	73	308	419
Total short term liabilities	114	468	419
Total equity and liabilities	734	2,960	4,708

Comments

- Strong growth in NPL and loan receivables
- Net debt of ~NOK 1.8bn and available liquidity (including excess cash above NOK 300m and undrawn amount under the RCF) of approximately NOK 1.8bn
- Equity ratio of 35.5% (39.4% adjusted for excess cash)
- In parallel with the refinancing in November 2015, the group's legal structure was streamlined for future bank debt funding

Financial targets

Portfolio acquisitions

- Year-to-date 2016, B2Holding has acquired portfolios at a pace well above historical levels for comparable periods, and has a strong pipeline of opportunities being evaluated
- The company expects to acquire portfolios over the next years with a target to reach an equity ratio down towards ~30% by year-end 2017

Geographic and platform expansion

- The company is actively evaluating additional platforms, both to strengthen existing geographies and for possible entry into new markets
- The company's strategy to gain local presence before acquiring substantial portfolios remains firm

ROE target

- The company targets a return on equity (ROE) above 20%

Dividend policy

- As the company foresees significant opportunities in the near to medium-term, the company aims to distribute 20-30% of net profits as dividend to shareholders, starting at the low end for 2016 (to be paid in 2017)
- The strong cash generation capacity of the business supports a significantly higher long-term pay-out ratio target, and potential distribution through both dividends and share buybacks

Outlook

Highlights

- High acquisition activity so far in Q1, with purchases and market opportunities well above historic levels in the first quarter
- Geographic and platform expansion
 - Currently evaluating both portfolios and platforms in new markets
 - Expansion into new markets expected going forward – both greenfields and acquisitions under considerations
- Overall portfolio activity is high, with significant investment opportunities in the Group's existing markets
- Bond listing process on track, with target to list by 8 March
- Continuing to work towards a listing on the Oslo Stock Exchange, with a target of listing in Q2 2016

B2 HOLDING®

Making each other better

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