

Q2 2017 presentation



Oslo, 25 August 2017

B2Holding status update

Overview

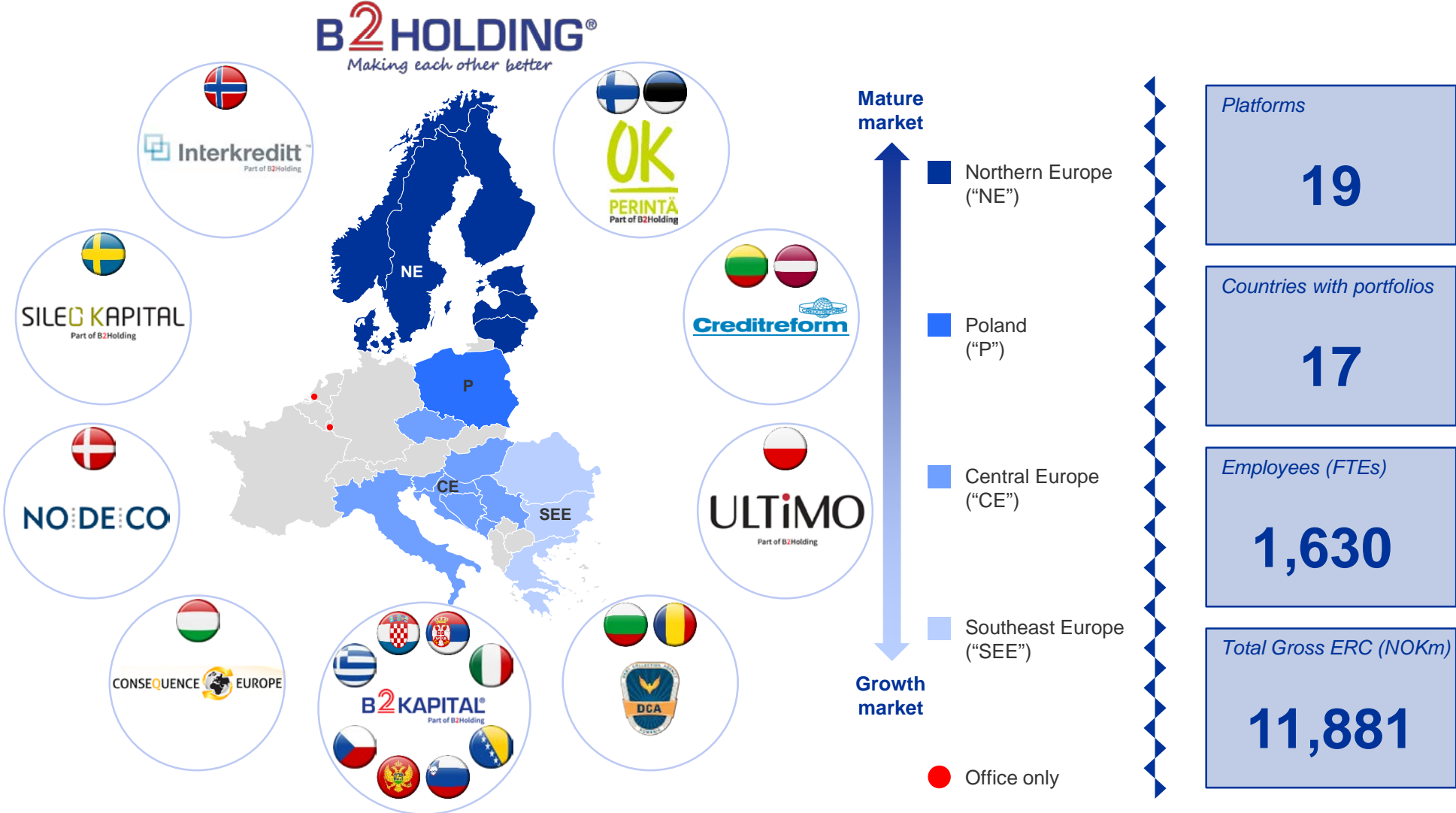
Financial developments

- Gross cash collection above expectation – total NOK 604m (vs. NOK 427m Q2 2016)
- Cash EBITDA increased 59% to NOK 420m (NOK 264m Q2 2016)
- Record-high portfolio acquisition volume of NOK 1.12bn for the quarter, NOK 1.46bn YTD and NOK 2.77bn LTM
- Solid investment capacity – NOK 1,062m

Operational- and organisational developments

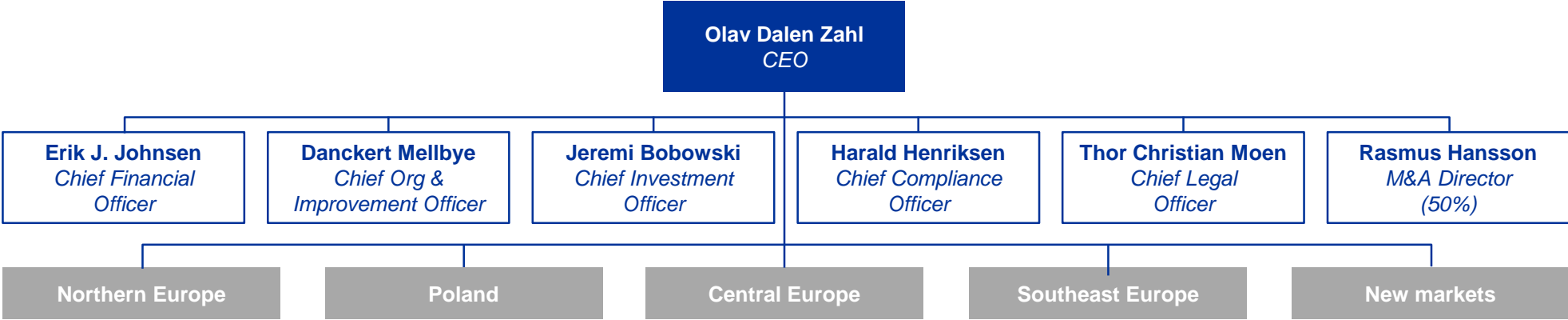
- Geographical expansion into Denmark through the acquisition of Nordic Debt Collection (Nodeco) and a retail unsecured portfolio with face value of NOK 480m
- B2H now has platforms in 19 countries and portfolios in 17 countries
- Reorganized into regional structure from 1 September
- Obtained licence for managing NPLs in Greece and Hungary in August

A leading pan-European debt collector with 19 platforms and ERC of NOK 11.9bn



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

Organisational overview

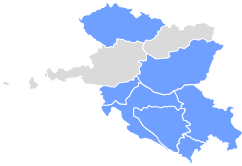


Scandinavia:
RD: Henrik Wennerholm
 - Norway
 - Sweden
 - Denmark

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)

Cash EBITDA grew 59% to a record-high of NOK 420m

Financial summary

NOKm	Q2'17	Q2'16	% change
Net operating revenues	466	331	41%
EBITDA	226	121	87%
Operating profit (EBIT)	217	113	92%
<i>Profit margin</i>	47%	34%	
Cash Revenue	660	475	39%
Cash EBITDA	420	264	59%
Profit for the period after tax	107	63	71%
Earnings per share (EPS)	0.29	0.19	53%
Cash flow from operating activities	247	196	26%
Operating cash flow per share	0.67	0.60	12%
Portfolio acquisitions ¹⁾	1,120	827	35%
Cash collection from portfolios	604	427	41%
ERC (at end of month)	11,881	8,186	45%

Comments

- Record high portfolio acquisition volume
- Continued strong gross collection on portfolios
- Profit margin remains high at 47%
- Record-high EBITDA, cash EBITDA, EBIT and net profit

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

Segment financials

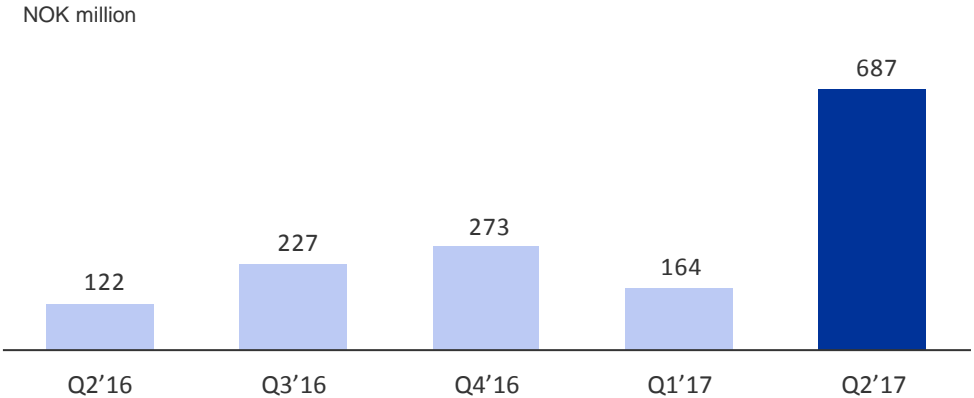
Northern Europe (NE)



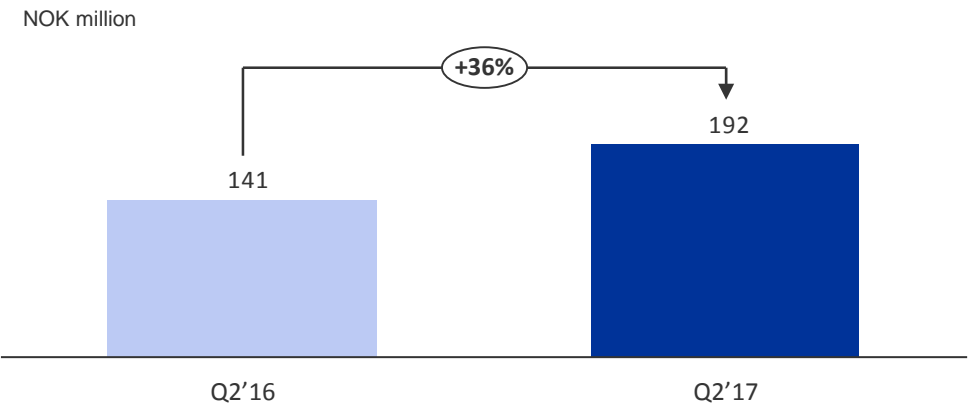
Comments

- Record-high portfolio acquisition volume of NOK 687m (YTD NOK 848m)
- Gross cash collection NOK 192m, in line with the curve (-NOK 2m revaluation of the curve)
- Operating margin 42% - expect stronger collection performance second half, and lower legal costs
- Geographical expansion into Denmark through the acquisition of Nordic Debt Collection (Nodeco) and a retail unsecured portfolio with face value of NOK 480m
- Solid portfolio visibility in the pipeline
- Forward flow agreements are increasing

Purchased loan portfolios



Gross cash collection on portfolios



Segment financials

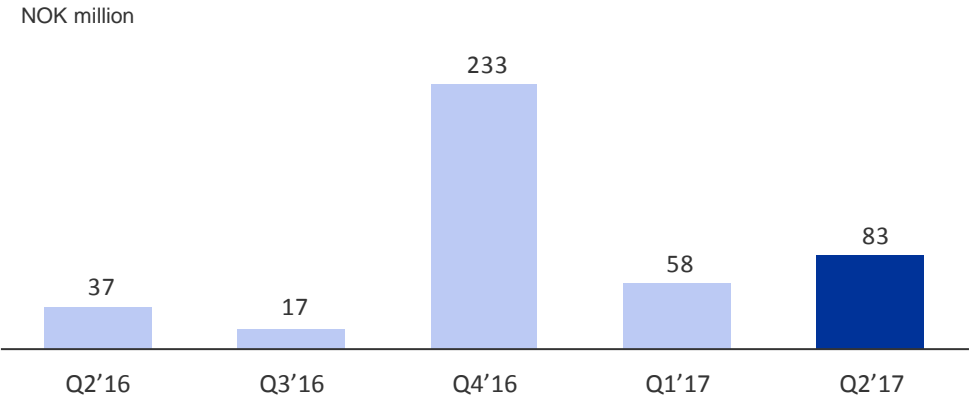
Poland



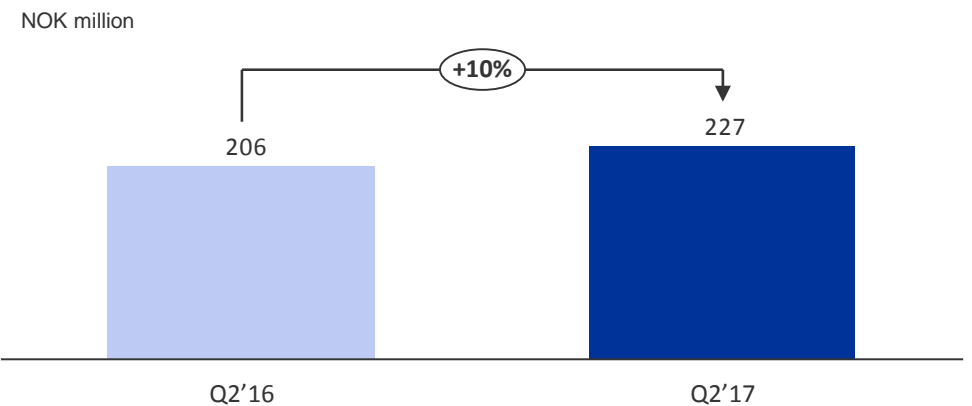
Comments

- Gross collection of NOK 227m, NOK 5m below the curve (- NOK 5m revaluation of the curve)
- Improved operating margin - lower legal costs
- Portfolio purchases NOK 83m (YTD NOK 139m)
- Competitive market landscape continues
- Good macroeconomic development

Purchased loan portfolios



Gross cash collection on portfolios



Segment financials

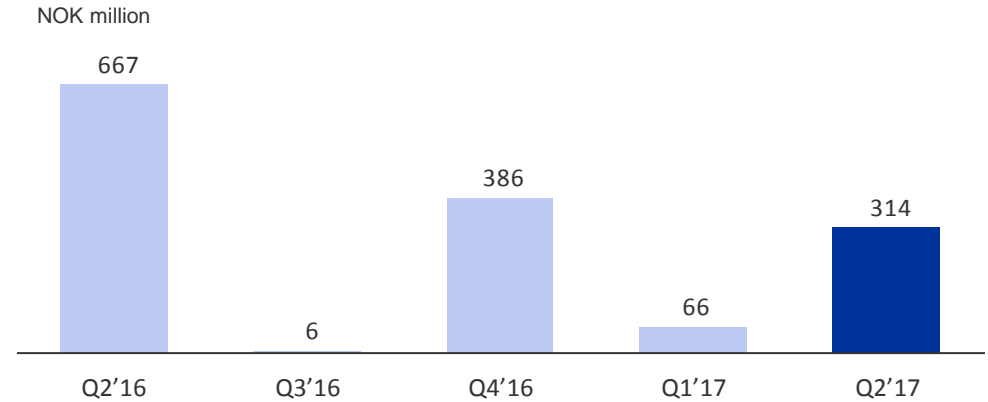
Central Europe (CE)



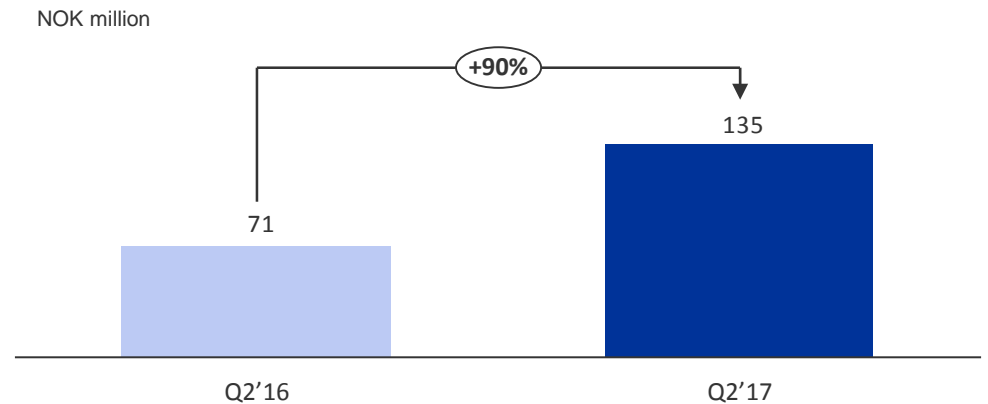
Comments

- Gross collection of NOK 135m, NOK 24m above the curve
- Good operating performance continues
- Portfolio purchases NOK 314m (YTD NOK 378 mill)
 - Portfolio purchases in Italy NOK 201m (YTD NOK 221m)
- 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 in the region
- Strong economic growth

Purchased loan portfolios



Gross cash collection on portfolios



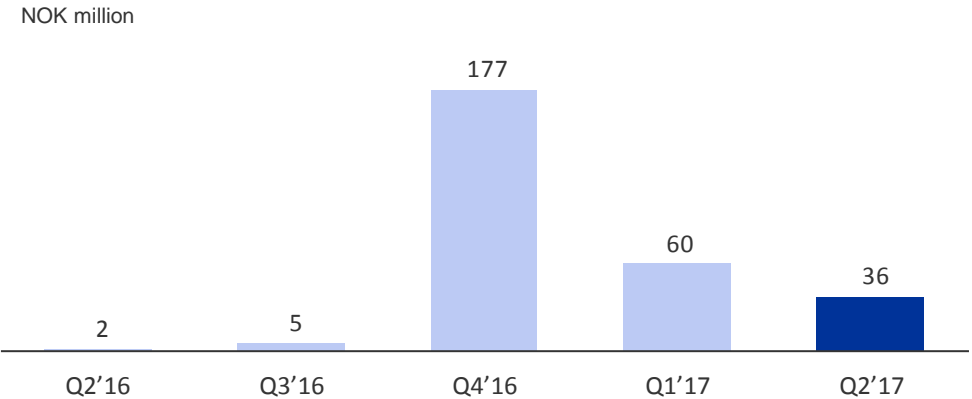
Segment financials: *Southeast Europe (SEE)*



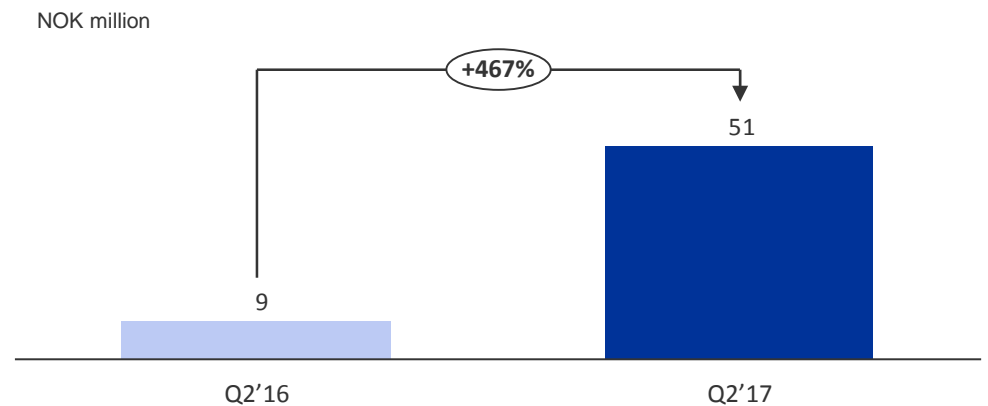
Comments

- Gross cash collection NOK 51m, in line with the curve (+NOK 5 revaluation)
- Joint venture portfolio (with EOS) performing above expectation
- Strong operational performance – cost to collect percentage is decreasing
- Obtained license from Bank of Greece for collecting non performing loans
- 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

Financial highlights: Income statement

Income statement

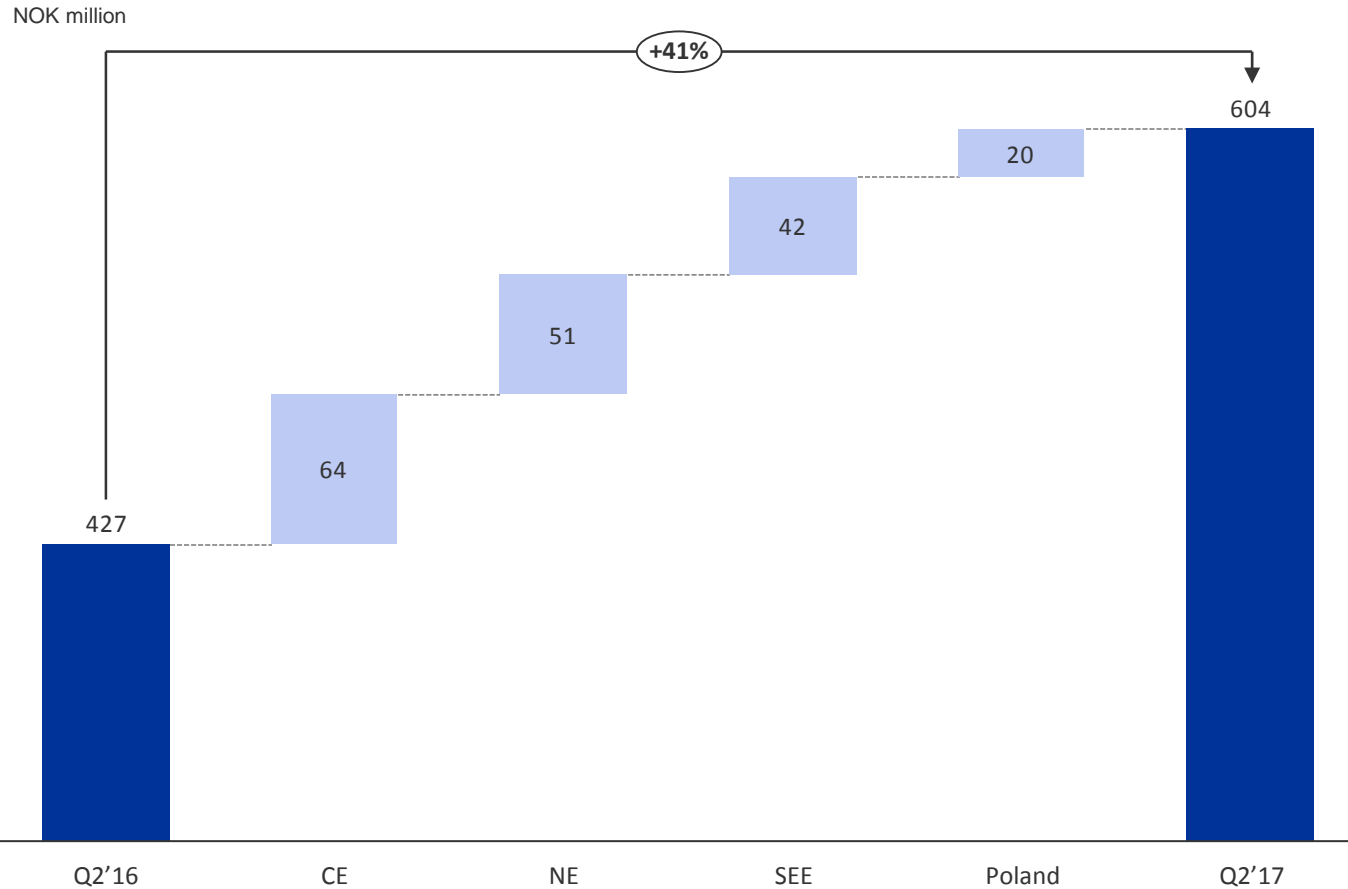
NOKm	2017 Q2	2016 Q2	2017 H1	2016 H1	2016 audited
Revenue from purchased loan portfolios	411	284	807	518	1,206
Other operating revenues	55	47	105	93	190
Total operating revenues	466	332	913	611	1,396
External costs of services provided	-67	-58	-152	-111	-244
Personnel costs	-119	-93	-213	-174	-359
Other operating expenses	-69	-60	-129	-113	-248
Depreciation and amortisation	-9	-7	-17	-15	-30
Profit from shares, associated companies and JVs	16	0	29	0	0
Operating profit (EBIT)	217	113	430	198	516
Financial income	1	5	1	6	10
Financial expenses	-86	-55	-160	-112	-232
Net exchange gain (loss)	11	14	10	-9	-66
Net financial items	-74	-36	-149	-115	-288
Profit before tax	143	77	281	83	227
Income tax expense	-36	-15	-70	-22	-46
Net profit	107	63	211	61	181
Non-recurring items (net of tax)	0	10	0	19	20
Adjusted net profit	107	72	211	80	203
Cash revenue	660	475	1285	934	2,061
Cash EBITDA	420	264	819	536	1,210
EBITDA	226	121	447	213	546

Comments

- Continued strong gross collection on portfolios: NOK 18m above the curves
 - Net revaluation NOK -1m
- Profit margin remains high at 47%
- Cost to collect dropping due to economies of scale
- Record-high EBITDA, cash EBITDA, EBIT and net profit
- Higher interest costs due to higher drawn amount, interest caps, increased currency rates vs NOK
- Taxes still high – increased losses carried forward not capitalized

Record gross collection, +41% to NOK 604m

Bridge Q2'16-Q2'17: Gross cash collection on portfolios



Comments

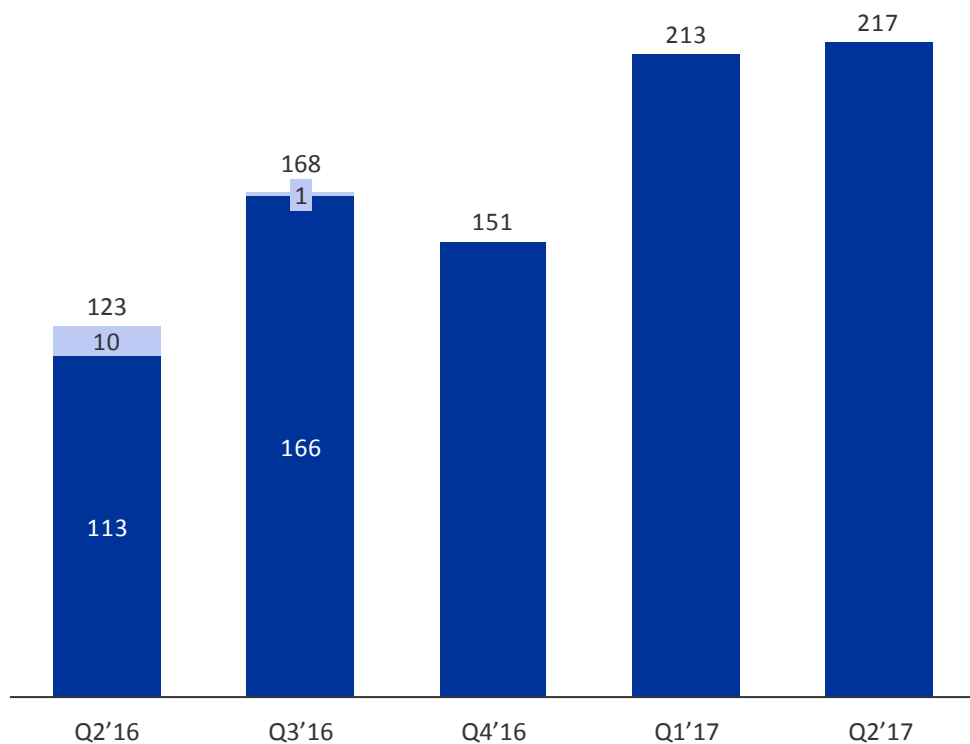
- Strong gross cash collection compared to curves in CE
- Solid growth in NE (+38%), CE (+91%) and Poland (+10%)
- Expect strong growth in SEE and Italy especially going forward

Another record quarter in terms of EBIT and cash EBITDA

EBIT

NOK million

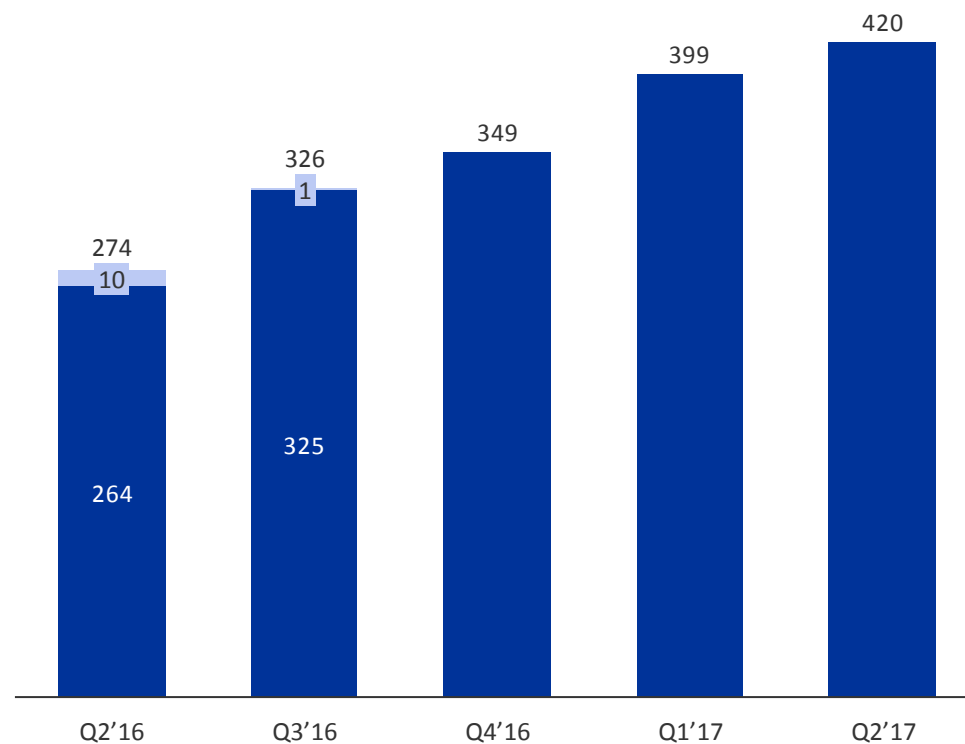
■ Non-recurring items
■ As reported



Cash EBITDA

NOK million

■ Non-recurring items
■ As reported

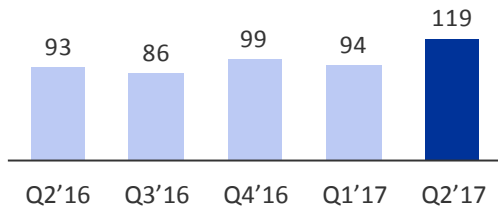


Continued focus on cost and economies of scale – cost of collect trending down

Operational costs split

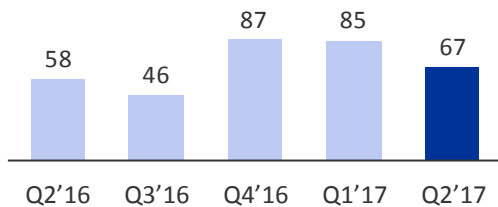
NOK million

Personnel costs



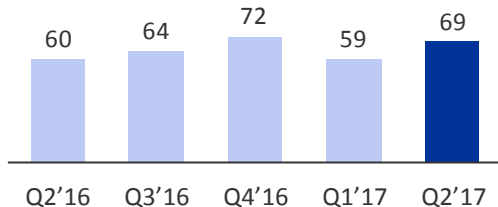
Personnel costs higher due to stock option program, currency effect and higher # of FTE, payroll increases

External costs



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

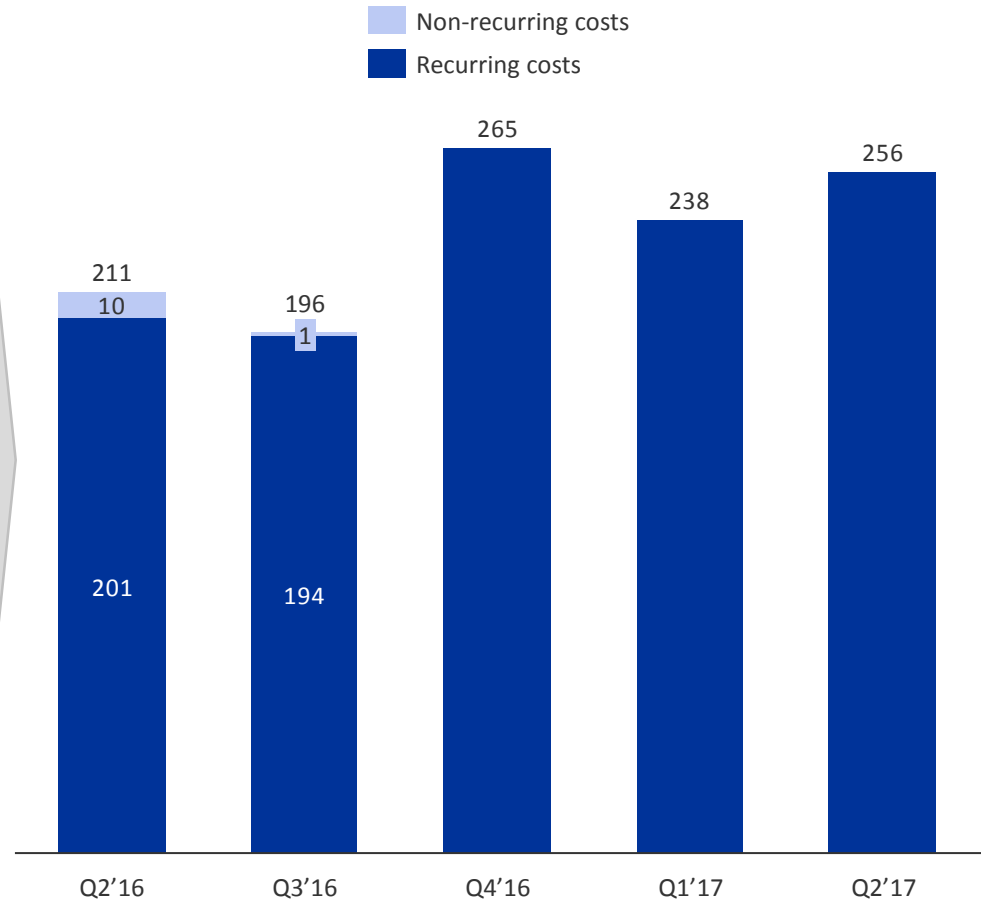
Other operating costs



New projects increased costs somewhat this quarter

Total operational costs per quarter

NOK million



Balance sheet

Balance sheet

NOKm	2017 Q2	2016 Q2	2016 audited
Tangible and intangible assets	97	88	91
Goodwill	431	411	395
Purchased loan portfolios	6,242	4,030	4,752
Other long-term financial assets	551	286	507
Deferred tax asset	72	23	64
Total non-current assets	7,393	4,838	5,808
Other short-term assets	213	92	123
Cash & short-term deposits	351	215	218
Total current assets	564	307	340
Total assets	7,958	5,145	6,149
Total equity	2,782	2,281	2,425
Long-term interest bearing loans and borrowings	4,430	2,410	3,218
Deferred tax liabilities	45	56	51
Other long-term liabilities	64	82	65
Total non-current liabilities	4,538	2,547	3,333
Accounts and other payables	281	109	156
Income tax payable	54	9	62
Other short-term liabilities	303	198	172
Total current liabilities	638	317	391
Total equity and liabilities	7,958	5,145	6,149

Comments

- Increase in purchased loan portfolios with 54% due to record-high portfolio acquisition volume and currency effect YTD (NOK 402m)
- Equity ratio 35%
- Investment capacity NOK 1,062m
- Net interest bearing debt NOK 4,203m
- Significant headroom for growth in financial covenants

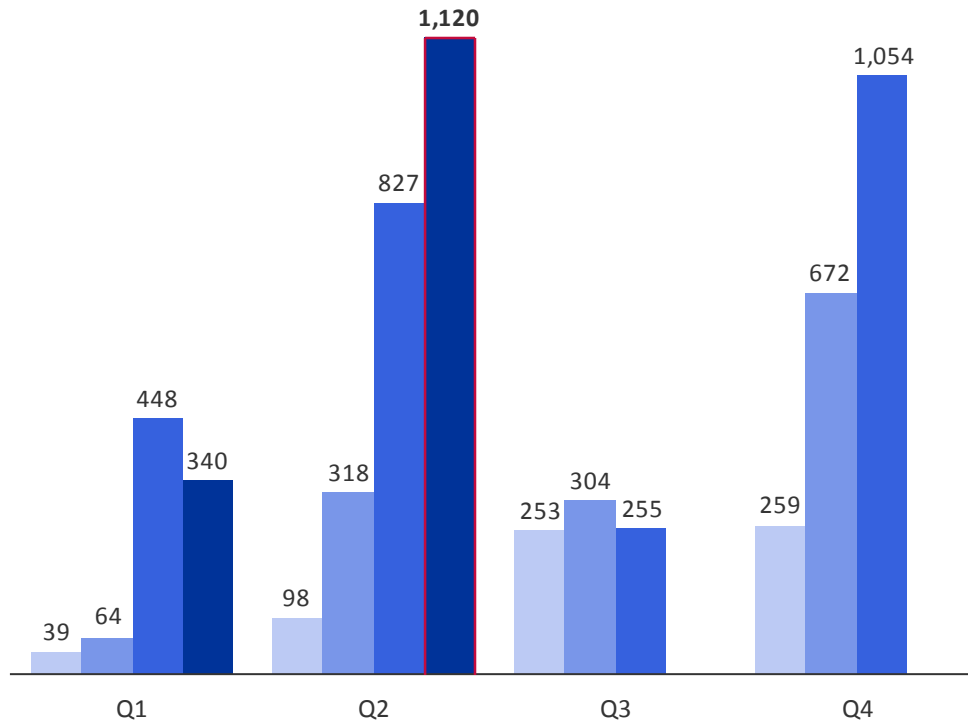
Record-high portfolio acquisition volume of NOK 1.12bn in Q2

- Strong momentum in Northern Europe

Portfolio purchases

NOK million

2014 2015 2016 2017

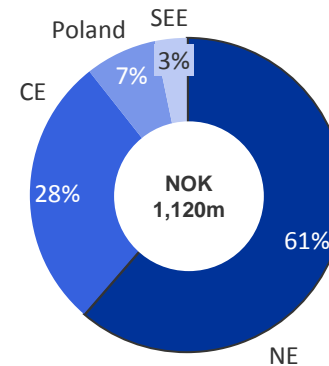


Comments

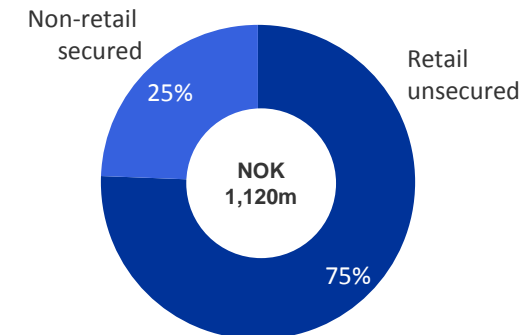
- Q2 and Q4 high activity quarters
- Portfolio purchases in all geographies present
- NOK 687m from Northern Europe, Sweden approx. 50%
- Italian volumes of NOK 201m

Key details portfolio purchases

Geography distribution



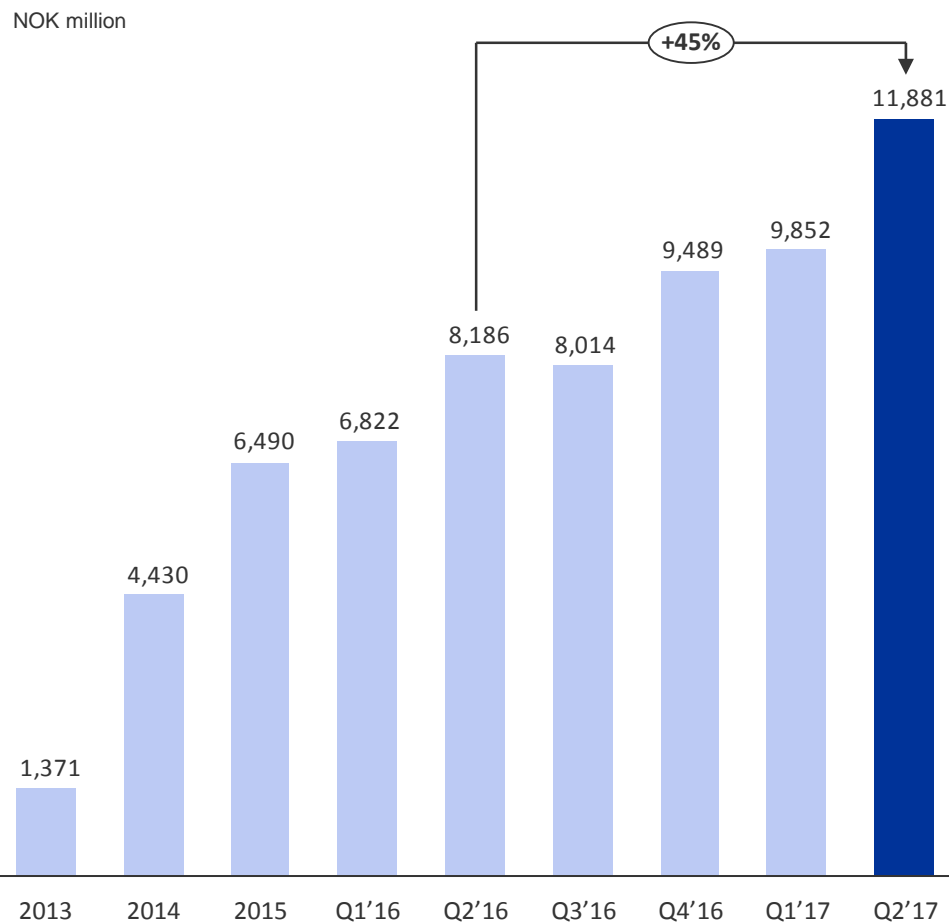
Distribution by type



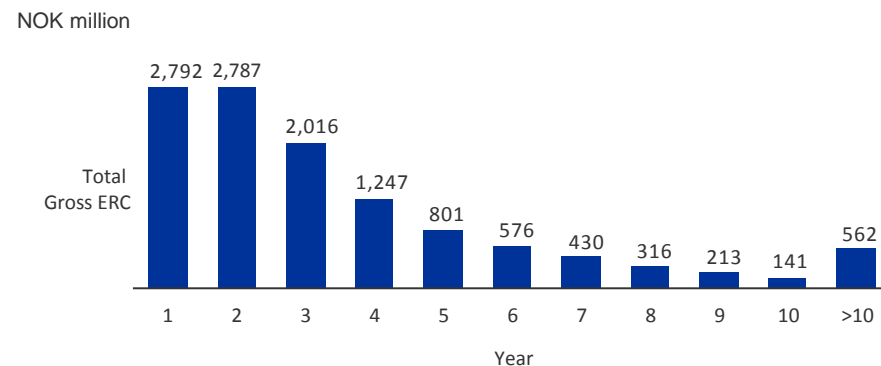
Total Gross ERC of approx. NOK 11.9bn

– 45% growth y-o-y

Development in Total Gross ERC



Curve overview



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	815	655	479	348	257	187	135	98	63	42	3,079	3,174
NE	779	601	483	393	324	271	223	171	122	91	3,459	3,923
CE	204	187	178	141	111	84	54	38	25	8	1,031	1,034
SEE	161	143	108	73	48	26	15	8	3	0	585	585
Sum	1,960	1,586	1,249	955	740	569	427	315	213	141	8,154	8,717

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	29	35	48	12	6	2	1	0	0	0	134	134
NE	0	1	2	0	1	0	0	0	0	0	4	4
CE	672	1,034	619	234	36	3	2	0	0	0	2,600	2,600
SEE	130	131	98	46	18	3	0	0	0	0	426	426
Sum	832	1,200	767	292	60	8	3	0	0	0	3,164	3,164

Total	2,792	2,787	2,016	1,247	801	576	430	316	213	141	11,318	11,881
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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 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
- Strong focus on operational efficiency
- Access to the largest NPL markets in Europe through the platforms in Greece and Italy

Agenda



Appendices

Financial highlights: Cash flow

Consolidated cash flow

NOKm	2017 Q2	2016 Q2	2017 H1	2016 H1	2016 audited
Profit for the period before tax	143	77	281	83	227
Amortisation/revaluation of purchased loan portfolios	193	143	372	323	664
Adjustment other non-cash items	10	10	17	19	37
Interest expense on loans	86	55	159	106	227
Interest paid on loans and borrowings	-78	-39	-143	-86	-184
Unrealised foreign exchange differences	-41	7	-48	32	180
Income tax paid during the year	-77	-35	-89	-41	-60
Change in working capital	32	-6	-9	-35	-69
Change in other balance sheet items	-20	-16	2	-34	-115
Net cash flow from operating activities	247	196	542	368	908
Purchase of loan portfolios	-999	-797	-1,422	-1,281	-2,530
Net investments in intangible and tangible assets	-9	-5	-16	-8	-27
Investments in business acquisitions	-30	-87	-30	-248	-262
Net cash flow from investing activities	-1,037	-889	-1,468	-1,537	-2,819
Net new share issue	0	627	0	628	662
Net receipts (payments) on loans / borrowings	843	-28	969	-28	738
Dividends paid	-55	0	-55	0	0
Net cash flow from financing activities	788	599	913	600	1,400
Net cash flow in the period	-2	-94	-13	-570	-511
Cash and cash equivalents at beginning of the period	213	273	218	765	765
Exchange rate difference on cash	16	-10	22	-26	-36
Cash and cash equivalents at end of the period	227	169	227	169	218

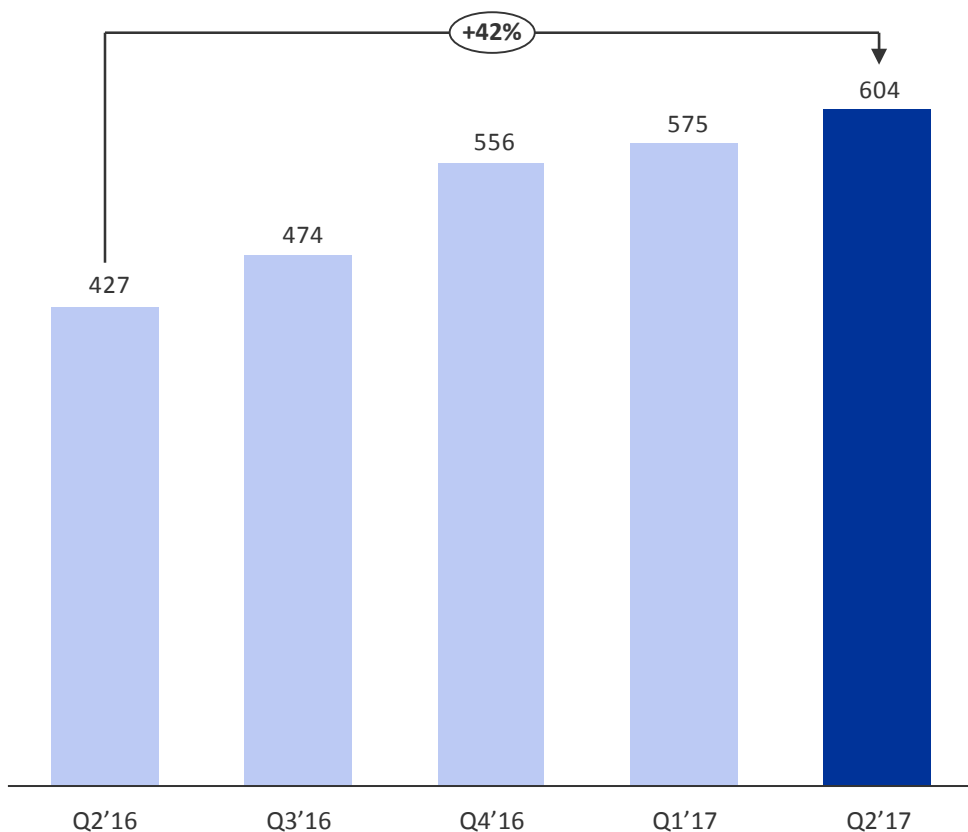
Comments

- Net cash flow from operating activities increases
- Large payment of taxes in the quarter

Cash collection and net operating revenue at record-high levels

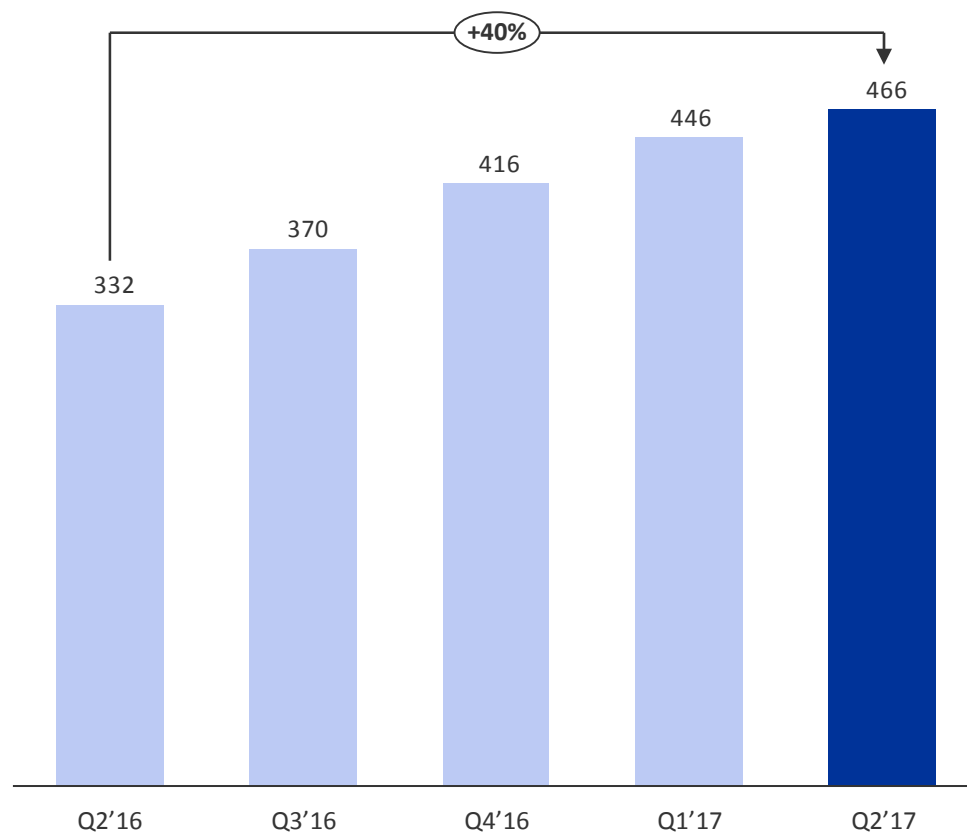
Gross cash collection on portfolios

NOK million



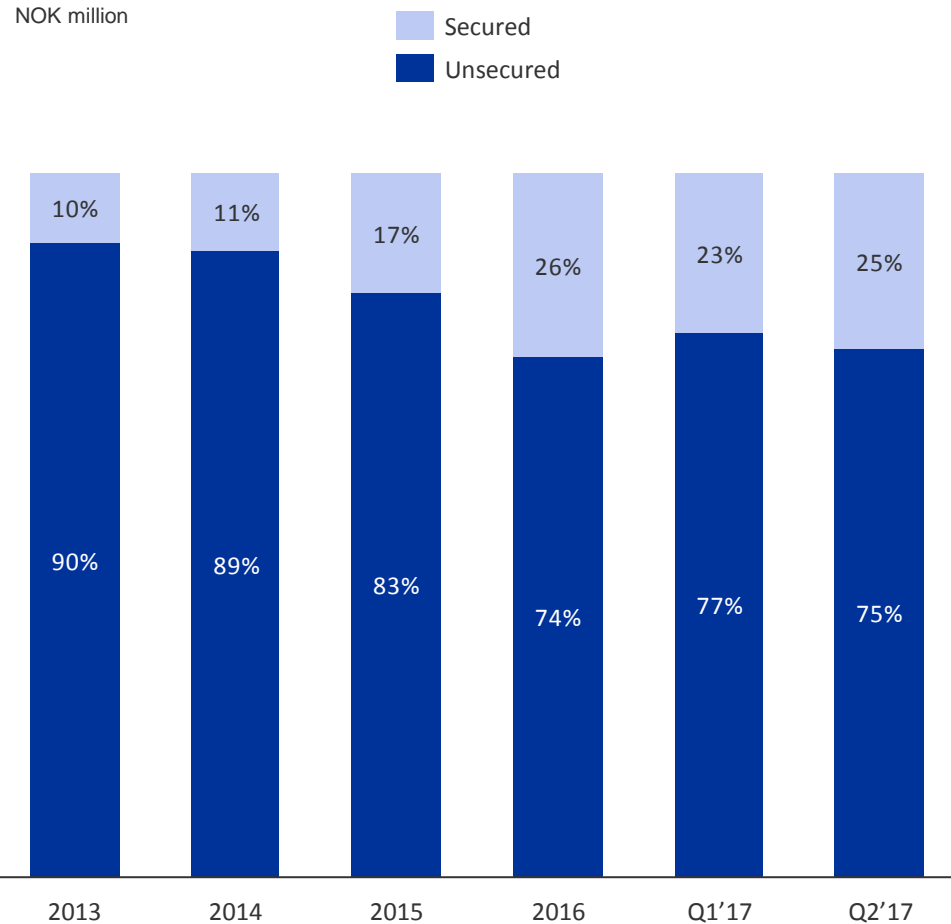
Net operating revenue

NOK million

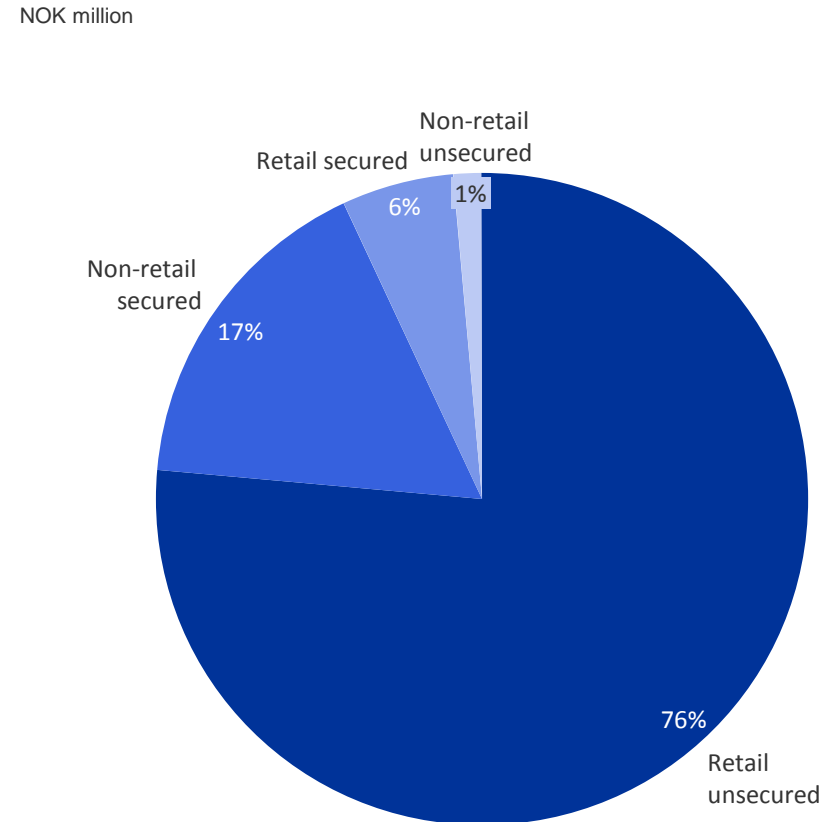


Portfolio composition

Portfolio acquisition distribution by type^{1) 2)}



Total portfolio distribution by type as of Q2'17¹⁾



1) Measured by purchase price

2) 2013 and 2014 extrapolated based on portfolios per 31/12/2015

20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	51,118,519	13,85 %
2	RASMUSSENGRUPPEN	46,406,586	12,57 %
3	VALSET INVEST AS	24,000,000	6,50 %
4	INDIGO INVEST AS	15,642,619	4,24 %
5	STENSHAGEN INVEST AS	13,410,500	3,63 %
6	VERDIPAPIRFONDET HANDELSBANKEN	10,000,000	2,71 %
7	VERDIPAPIRFONDET DNB NORGE (IV)	9,982,640	2,70 %
8	BRYN INVEST	8,676,690	2,35 %
9	ARCTIC FUNDS PLC	7,334,734	1,99 %
10	VERDIPAPIRFONDET DNB NORGE SELEKTIV	6,258,570	1,70 %
11	EVERMORE GLOBAL VALUE FUND	5.816.208	1,58 %
12	GREENWAY AS	5,802,368	1,57 %
13	SWEDBANK ROBUR NORDENFOND	5,388,522	1,46 %
14	FOREIGN AND COLONIAL INVESTMENT	5,001,359	1,35 %
15	VERDIPAPIRFONDET ALFRED BERG GAMBAK	4,961,297	1,34 %
16	VEVLEN GÅRD AS	4,500,000	1,22 %
17	VERDIPAPIRFONDET PARETO INVESTMENT	3,536,664	0,96 %
18	DNB MARKETS, AKSJEHANDEL/ANALYSE	3,385,765	0,92 %
19	STOREBRAND NORGE IV	3,375,201	0,91 %
20	VERDIPAPIRFONDET ALF	3,357,588	0,91 %
	Other	131,164,768	35,53 %
	Total	369,120,598	100 %

Note: Updated per 24 August 2017



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