



# Q4 2017 presentation

Oslo, 28 February 2018

**B2 HOLDING®**  
*Making each other better*

# B2Holding status update Q4 2017

## Overview

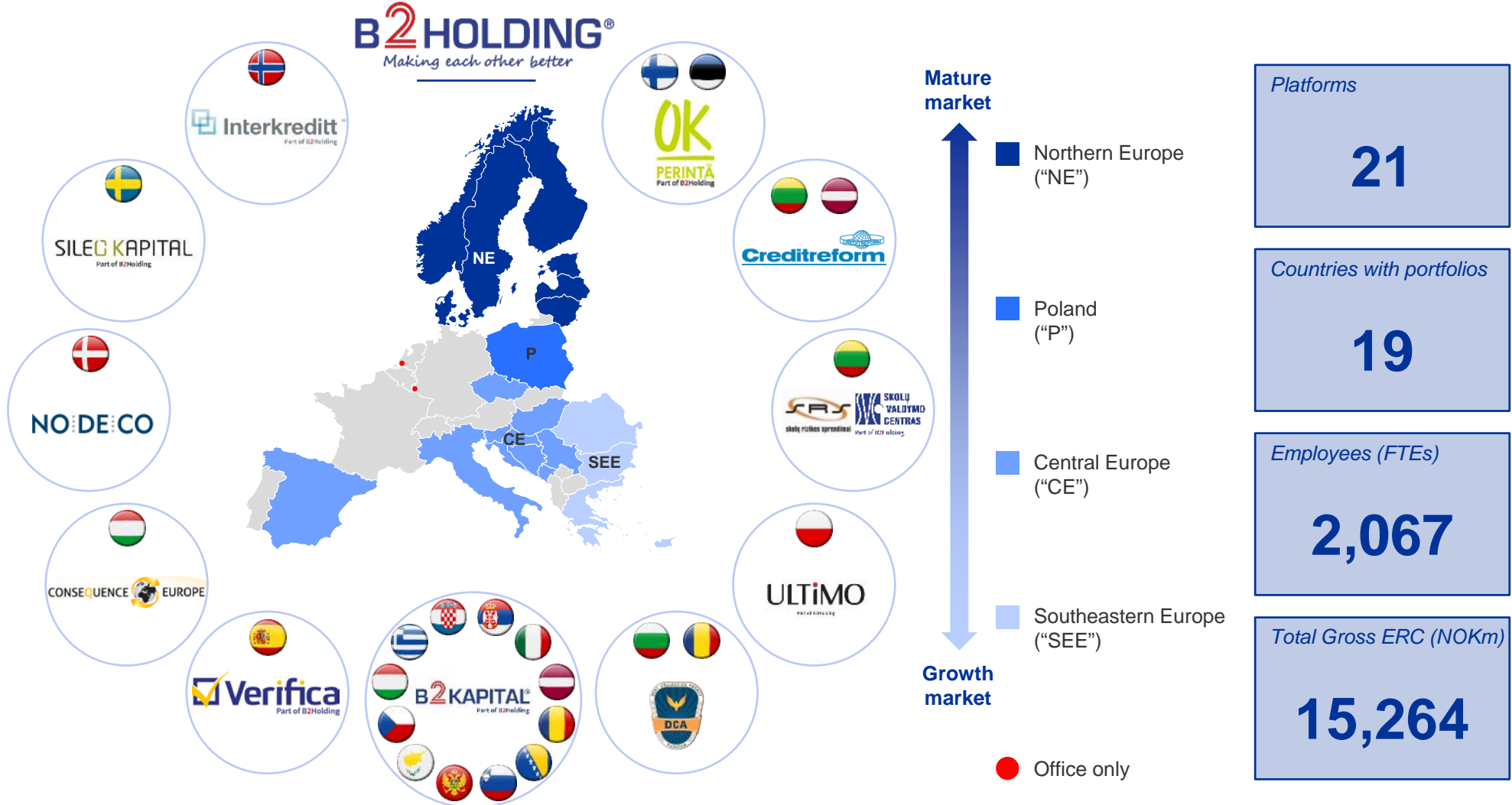
### Financial developments

- Record-high gross cash collection of NOK 723m up 30% (NOK 556m in Q4 2016)
- Cash EBITDA increased 50% to NOK 524m in Q4 (NOK 349m in Q4 2016)
  - Cash EBITDA FY 2017 showed 50% increase to NOK 1,815m (NOK 1,210m in 2016)
- Growth in net profit of 106% and 166% for the quarter (NOK 157m) and year (NOK 481m), respectively
- Record portfolio acquisition volume of NOK 1,951m, 85% increase from Q4 2016 (NOK 1,054m)
  - For 2017 portfolio acquisition increased by 59% from 2016 to NOK 4,112m (NOK 2,584m)
- Still solid investment capacity at year-end, NOK 1.9bn after record acquisition volume

### Operational- and organisational developments

- B2H now has platforms in 21 countries and portfolios in 19 countries
  - Platforms in Spain and Cyprus added during Q4 and Q1 2018 respectively
  - Tore Krogstad new regional director for Scandinavia

# A leading pan-European debt purchaser with 21 platforms and total gross ERC of NOK 15.3bn



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

# A record quarter and -year across the board

## Financial summary

NOKm	Q4'17	Q4'16	% change	2017	2016	% change
Total operating revenues	600	416	44 %	2,013	1,396	44%
EBITDA	311	159	96 %	1,020	545	87%
Operating profit (EBIT)	301	151	99 %	984	516	91%
<i>Profit margin</i>	50 %	36 %		49%	37%	
Cash Revenue	813	607	34 %	2,808	2,061	36%
Cash EBITDA	524	349	50 %	1,815	1,210	50%
Profit for the period after tax	157	76	106 %	481	181	166%
Earnings per share (EPS)	0.42	0.21	100 %	1.30	0.53	145%
Cash flow from operating activities	432	300	44%	1,289	908	42%
Operating cash flow per share	1.17	0.81	44%	3.49	2.65	32%
Portfolio acquisitions <sup>1)</sup>	1,951	1,054	85%	4,112	2,584	59%
Cash collection from portfolios	723	556	30%	2,552	1,870	36%
ERC (at end of month)	15,264	9,489	61%	15,264	9,489	61%

## Comments

- Record-high portfolio purchase volume for quarter and year
- Profit margin remains high in Q4 at 50%
- Another record quarter in terms of cash collection, EBITDA, cash EBITDA, EBIT and net profit

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



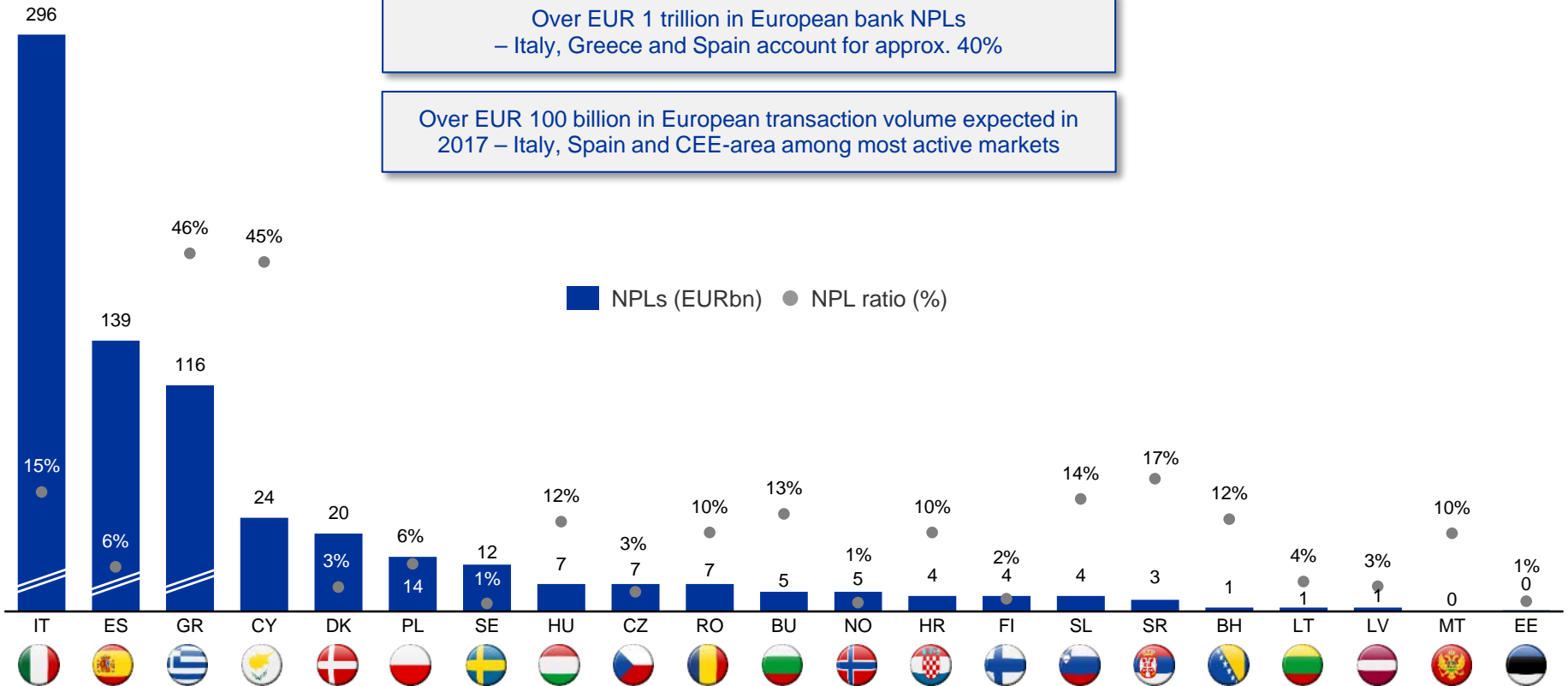
# Our opportunity set

## European bank NPL per country

Over EUR 1 trillion in European bank NPLs  
– Italy, Greece and Spain account for approx. 40%

Over EUR 100 billion in European transaction volume expected in 2017 – Italy, Spain and CEE-area among most active markets

■ NPLs (EURbn) ● NPL ratio (%)



GDP growth 2018E	1.1%	2.5%	2.6%	2.6%	1.8%	4.0%	2.4%	3.4%	2.6%	4.4%	3.2%	1.6%	2.7%	2.3%	2.5%	3.5%	2.6%	3.5%	3.9%	2.8%	3.7%
Unemployment change 2016A – 18E	-0.7%	-4.0%	-2.9%	-2.3%	-0.4%	-2.1%	-0.6%	-0.8%	-1.0%	-0.7%	-1.2%	-0.9%	-1.5%	-0.7%	-1.6%	-0.3%	-0.3%	-1.4%	-0.9%	n.a.	2.2%
Credit growth 2018E	2%	-2%	0%	1%	6%	7%	5%	8%	5%	5%	5%	9%	1%	3%	-2%	6%	4%	n.a.	4%	n.a.	9%

Source: EBA, ECB, IMF, EIU

# Segment financials: *Northern Europe (NE)*

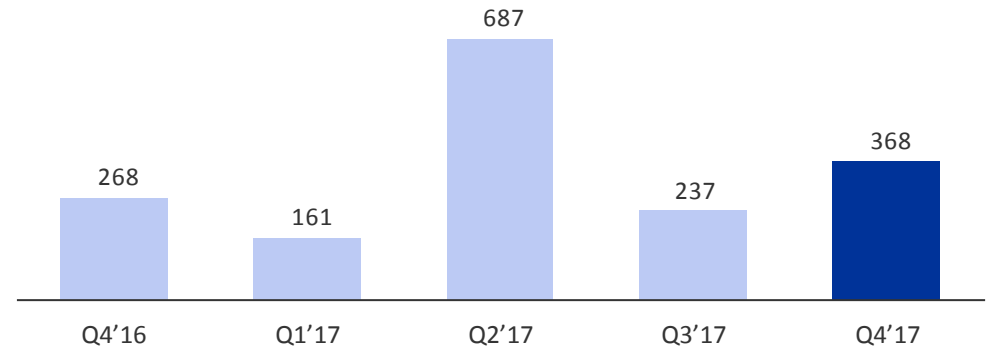


## Comments

- Portfolio purchase volume of NOK 368m in the quarter
  - NOK 1,453m in 2017
- Gross cash collection NOK 273m, NOK 4m above the curve
  - NOK -0.4m revaluation of the curve
- Operating margin 50%
- All time high collection
- Forward flow agreements are increasing
- Tore Krogstad new regional director for Scandinavia

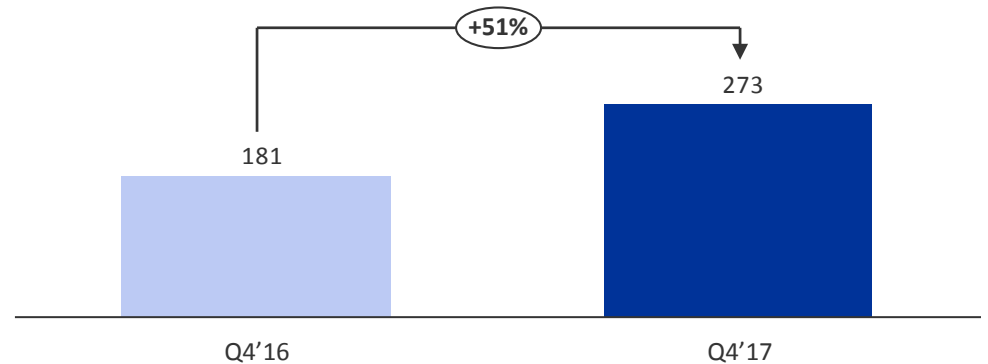
## Purchased loan portfolios

NOK million



## Gross cash collection on portfolios

NOK million



# Segment financials:

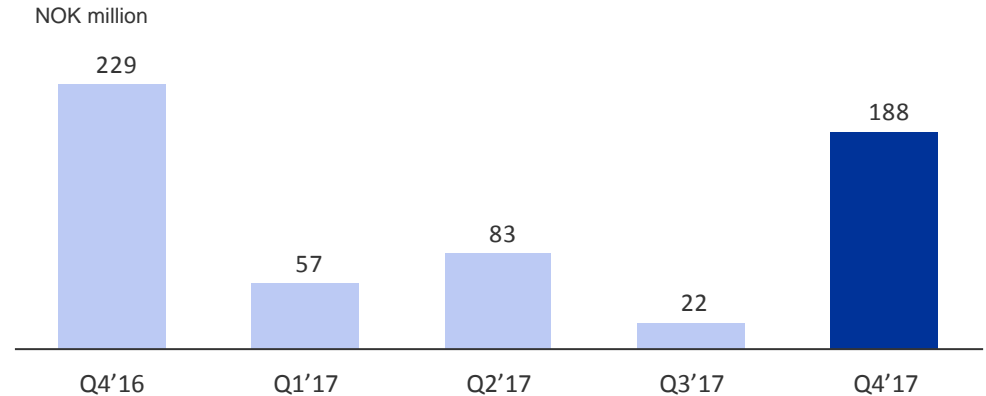
## Poland (P)



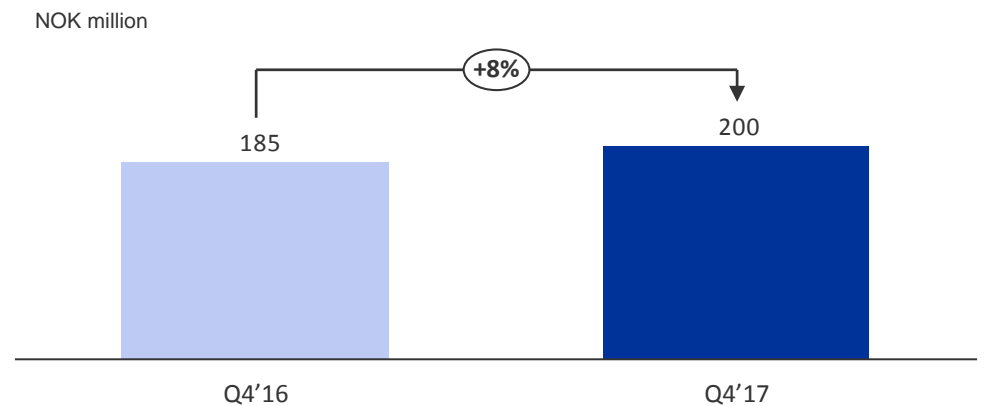
### Comments

- Portfolio purchase volume of NOK 188m in the quarter
  - NOK 349m in 2017
- Gross collection of NOK 200m, NOK 5m below the curve
  - NOK -2m revaluation of the curve
  - Negative impact on legal collection due to delay in legal process related to expected changes in the bailiff system
- Cost to collect are improving with 4 percentage points
- Improved operating margin and cash margin in 2017 versus 2016
  - Costs incurred related to severance pay
- Competitive market landscape continues

### Purchased loan portfolios



### Gross cash collection on portfolios



# Segment financials: *Central Europe (CE)*

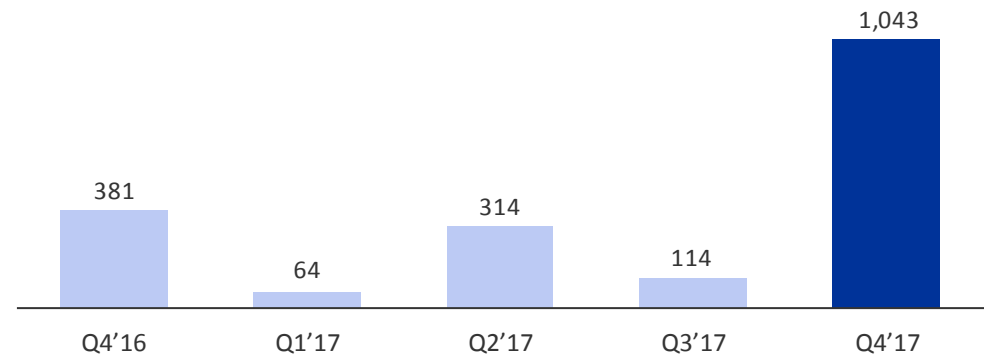


## Comments

- Portfolio purchase volume of NOK 1,043m in the quarter
  - NOK 1,534m in 2017
  - Portfolio purchases in Italy NOK 94m during the quarter, NOK 378m in 2017
  
- Gross collection of NOK 166m, NOK 17m above the curve
  - NOK -1m revaluation of the curve
  - Strong operating performance continues
  
- Strong portfolio pipeline in all of the major countries in the region
  
- Forward flow agreement in one country
  
- Strong economic growth in the region
  
- Verfica (Spain) included in the numbers for December

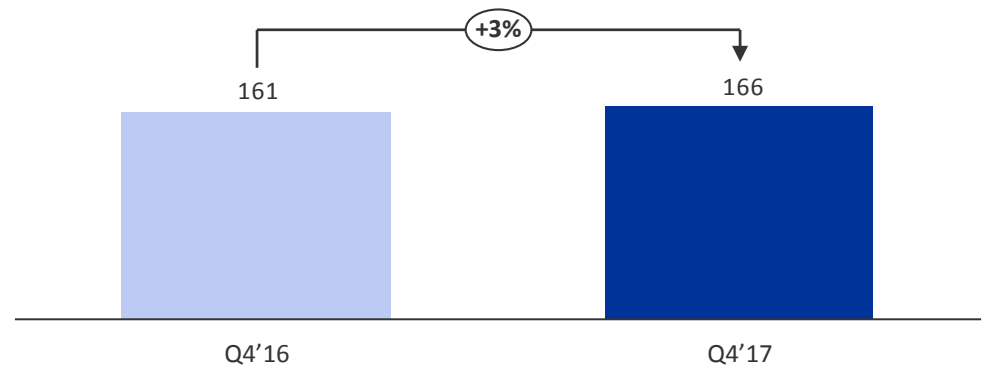
## Purchased loan portfolios

NOK million



## Gross cash collection on portfolios

NOK million





# Segment financials: Southeastern Europe (SEE)

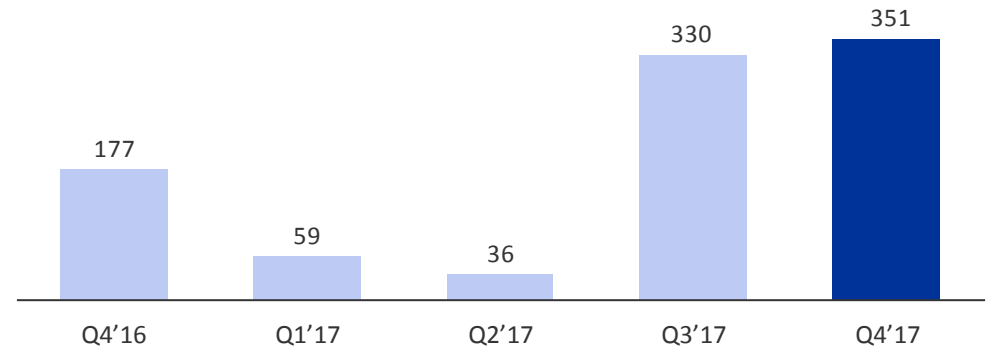


## Comments

- Portfolio purchase volume of NOK 351m in the quarter
  - NOK 776m in 2017
- Gross cash collection NOK 84m, NOK 7m above the curve
  - NOK +2m revaluation of the curve
- All time high collection, strong operational performance (despite build-up in Greece – no income)
- Joint venture portfolio (with EOS) continue to perform above expectation
- Good visibility of portfolio pipeline in all countries
- Forward flow agreements in two countries
- Cyprus added in Q1 2018

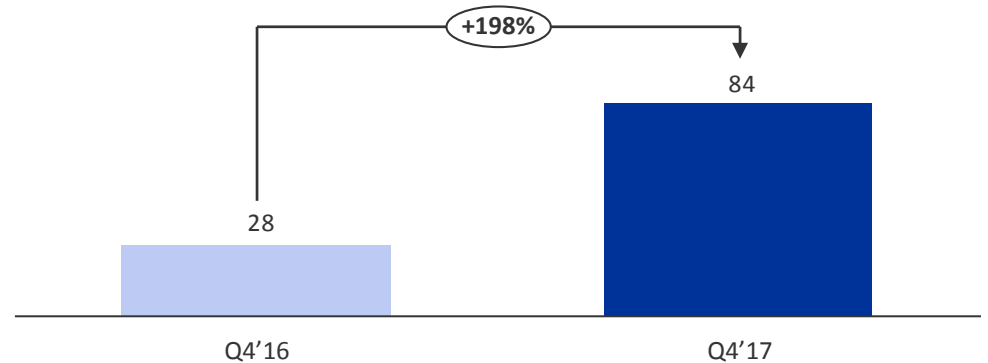
## Purchased loan portfolios<sup>1)</sup>

NOK million



## Gross cash collection on portfolios<sup>2)</sup>

NOK million



<sup>1)</sup>Including JV with EOS in Q4'16

<sup>2)</sup>Not including JV with EOS

# Financial highlights: Income statement

## Income statement

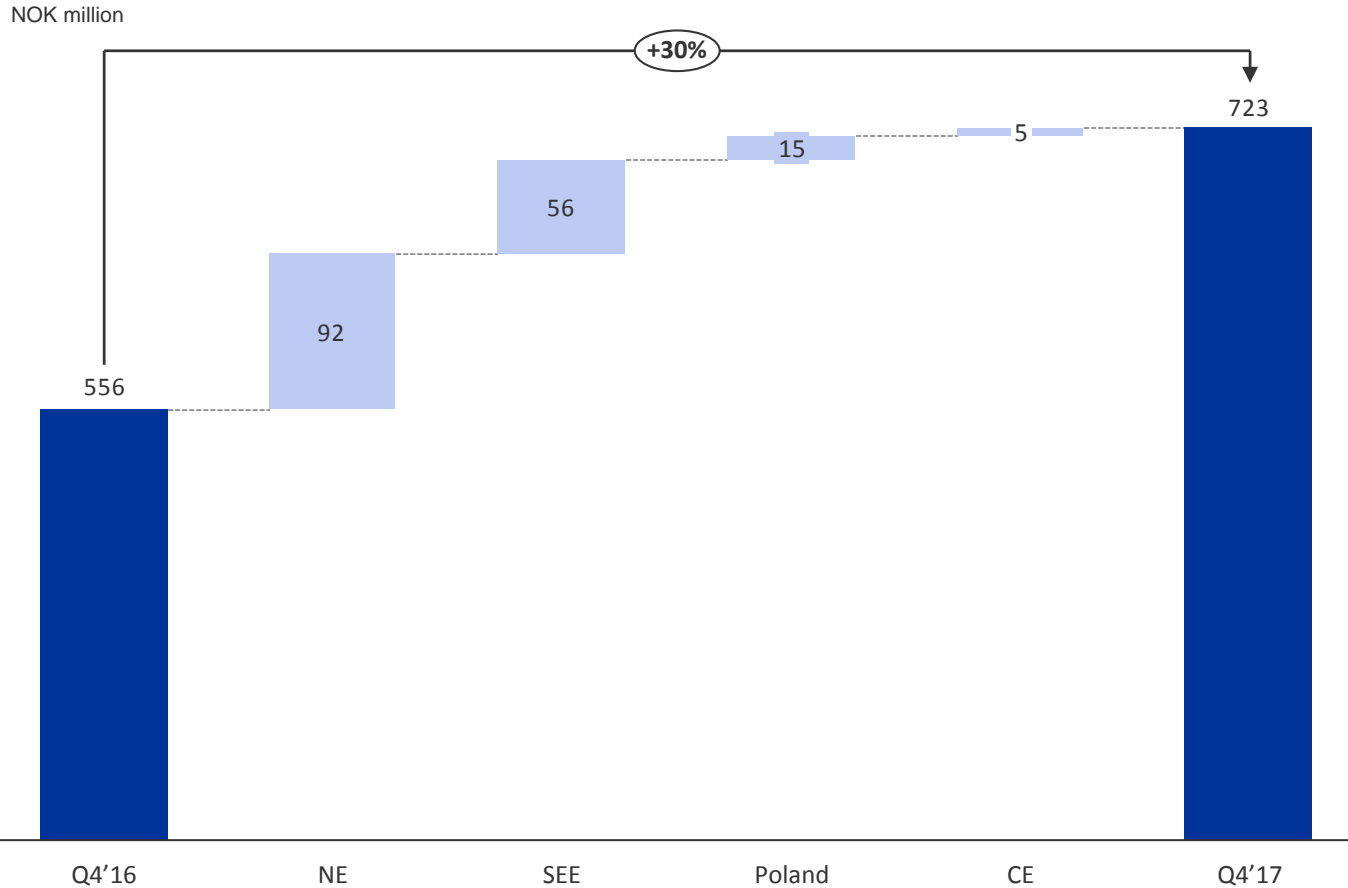
NOKm	2017 Q4	2016 Q4	2017 unaudited	2016 audited
Revenue from purchased loan portfolios	511	365	1,757	1,206
Other operating revenues	90	51	256	190
<b>Total operating revenues</b>	<b>600</b>	<b>416</b>	<b>2,013</b>	<b>1,396</b>
External costs of services provided	-69	-87	-286	-244
Personnel costs	-155	-99	-490	-359
Other operating expenses	-87	-72	-287	-248
Depreciation and amortisation	-10	-8	-36	-30
Profit from shares, associated companies and JVs	22	0	70	0
<b>Operating profit (EBIT)</b>	<b>301</b>	<b>151</b>	<b>984</b>	<b>516</b>
Financial income	1	3	3	10
Financial expenses	-107	-68	-358	-232
Net exchange gain (loss)	20	8	18	-66
<b>Net financial items</b>	<b>-86</b>	<b>-57</b>	<b>-337</b>	<b>-288</b>
<b>Profit before tax</b>	<b>215</b>	<b>94</b>	<b>648</b>	<b>227</b>
Income tax expense	-58	-18	-166	-46
<b>Net profit</b>	<b>157</b>	<b>76</b>	<b>481</b>	<b>181</b>
Non-recurring items (net of tax)	0	0	0	20
<b>Adjusted net profit</b>	<b>157</b>	<b>76</b>	<b>481</b>	<b>203</b>
<b>Cash revenue</b>	<b>813</b>	<b>607</b>	<b>2,808</b>	<b>2,061</b>
<b>Cash EBITDA</b>	<b>524</b>	<b>349</b>	<b>1,815</b>	<b>1,210</b>
<b>EBITDA</b>	<b>311</b>	<b>159</b>	<b>1,020</b>	<b>545</b>

## Comments

- Continued strong gross collection on portfolios in Q4: NOK 49m above the curves
  - Net curve revaluation of NOK -27m (early collection secured)
- Profit margin remains high at 50%
- Cost to collect in 2017 dropping due to economies of scale
- Record-high EBITDA, cash EBITDA, EBIT and net profit
- Higher interest costs due to higher drawn amount
- Taxes still high – increased losses carried forward not capitalised

# Record gross collection: +30% to NOK 723m

## Bridge Q4'16-Q4'17: Gross cash collection on portfolios



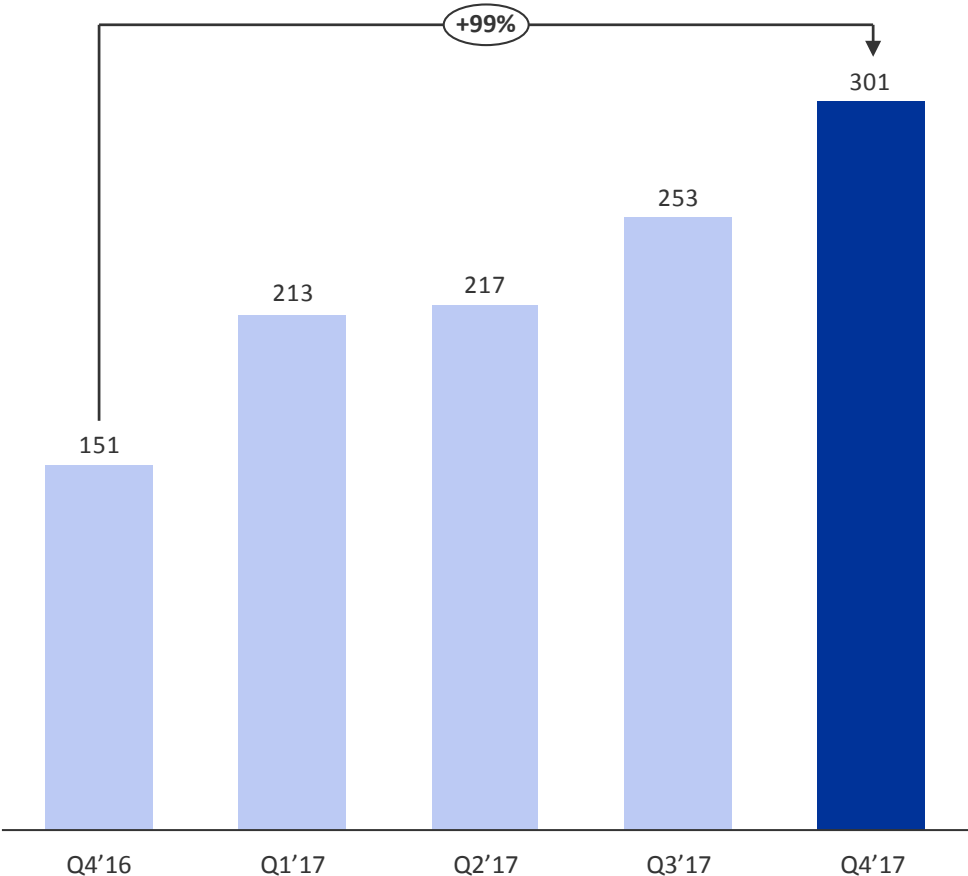
## Comments

- Strong gross cash collection, slightly above curves
- Solid growth in NE (+51%) and SEE (+198%)
- Expect continued strong growth in CE and SEE going forward

# Sixth consecutive record quarter in terms of cash EBITDA

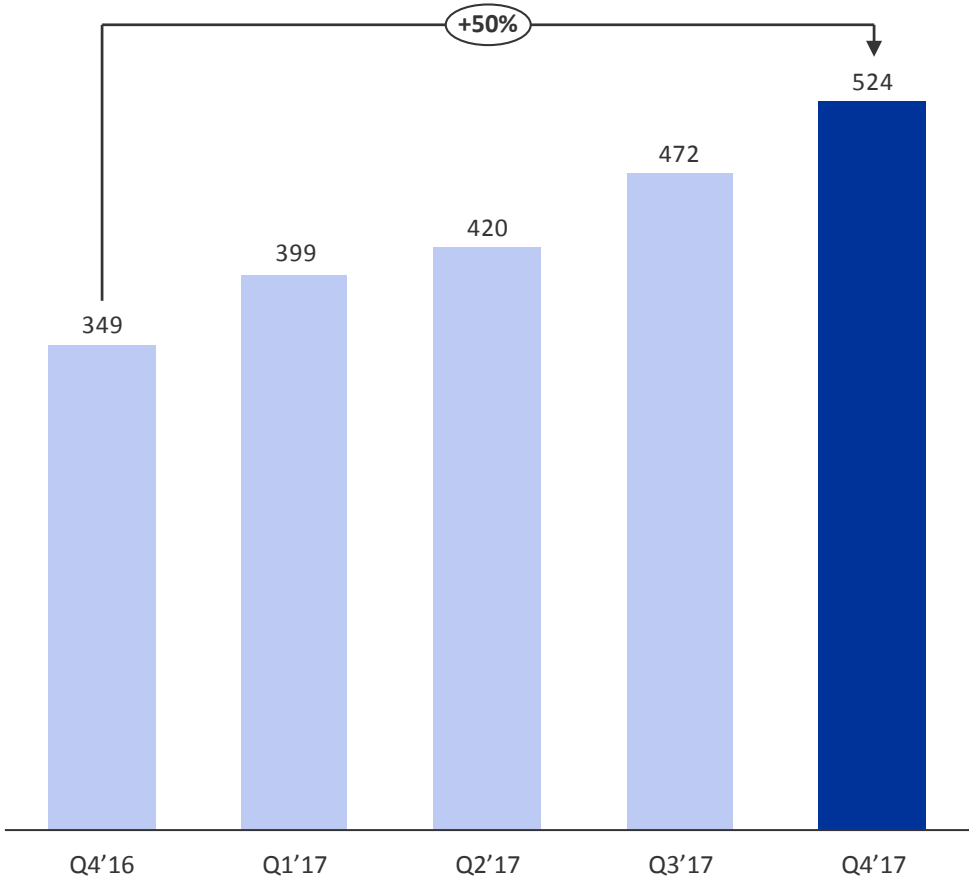
## EBIT

NOK million



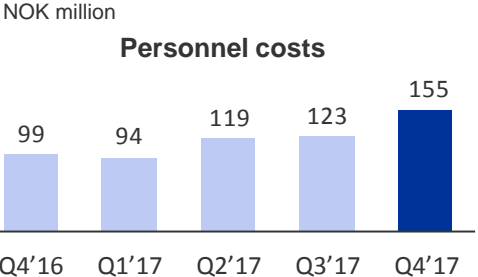
## Cash EBITDA

NOK million

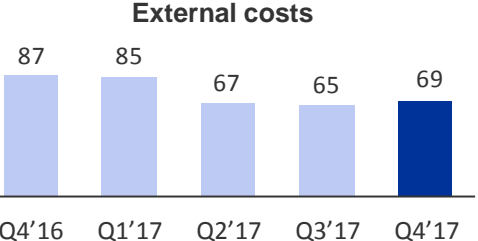


# Continued focus on cost and economies of scale – cost of collect trending down

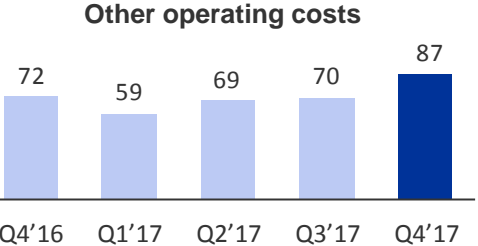
## Operational costs split



*Personnel costs higher due to stock option program, costs related to severance pay in Poland, higher # of FTE, Verifica incl. in December*

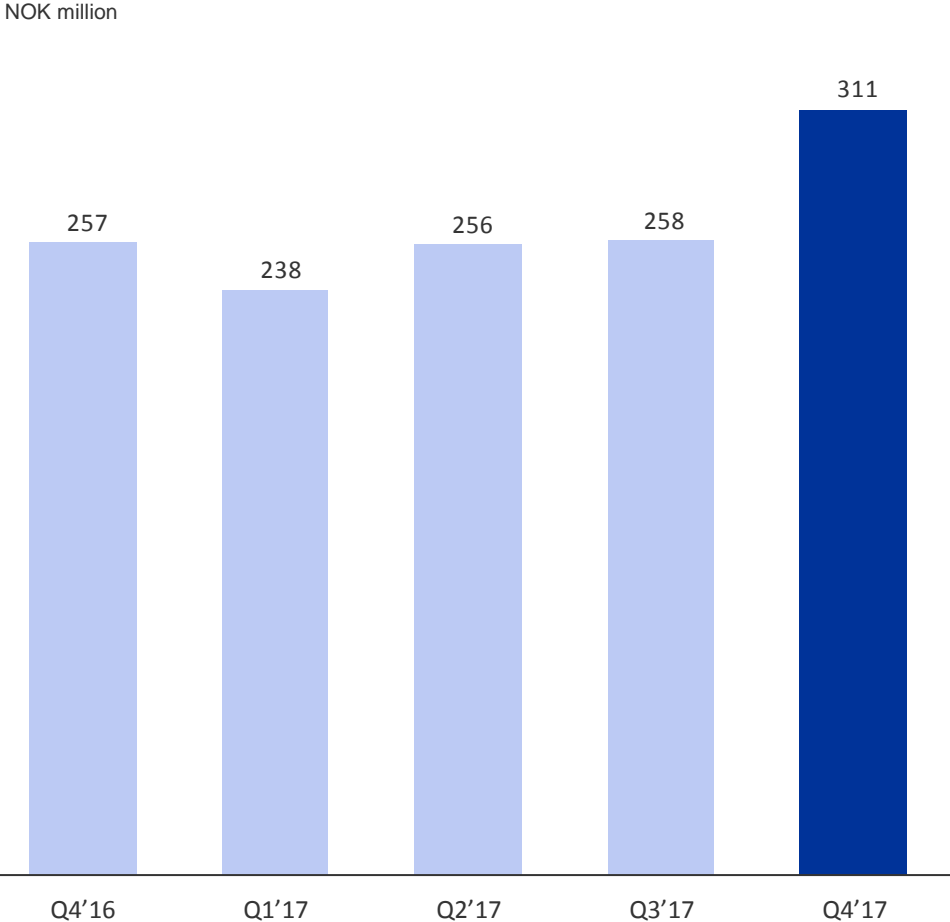


*Higher legal costs – will increase some due to high portfolio purchases*



*Include transaction costs Verifica, costs related GDPR, new project related costs this quarter*

## Total operational costs per quarter



# Balance sheet

## Balance sheet

NOKm	2017 unaudited	2016 audited
Tangible and intangible assets	201	91
Goodwill	522	395
Purchased loan portfolios	8,732	4,752
Other long-term financial assets	618	507
Deferred tax asset	66	64
<b>Total non-current assets</b>	<b>10,139</b>	<b>5,808</b>
Other short-term assets	207	123
Cash & short-term deposits	452	218
<b>Total current assets</b>	<b>659</b>	<b>340</b>
<b>Total assets</b>	<b>10,797</b>	<b>6,149</b>
<b>Total equity</b>	<b>3,148</b>	<b>2,425</b>
Long-term interest bearing loans and borrowings	6,728	3,218
Deferred tax liabilities	96	51
Other long-term liabilities	123	65
<b>Total non-current liabilities</b>	<b>6,947</b>	<b>3,333</b>
Accounts and other payables	267	156
Income tax payable	57	62
Other short-term liabilities	379	172
<b>Total current liabilities</b>	<b>702</b>	<b>391</b>
<b>Total equity and liabilities</b>	<b>10,797</b>	<b>6,149</b>

## Comments

- Increase in purchased loan portfolios of 85% following record-high portfolio acquisition volume and currency effect (NOK 663)
- Equity ratio 29%
- Investment capacity NOK 1.9bn
- Net interest-bearing debt NOK 6,402m
- Covenant headroom for future growth

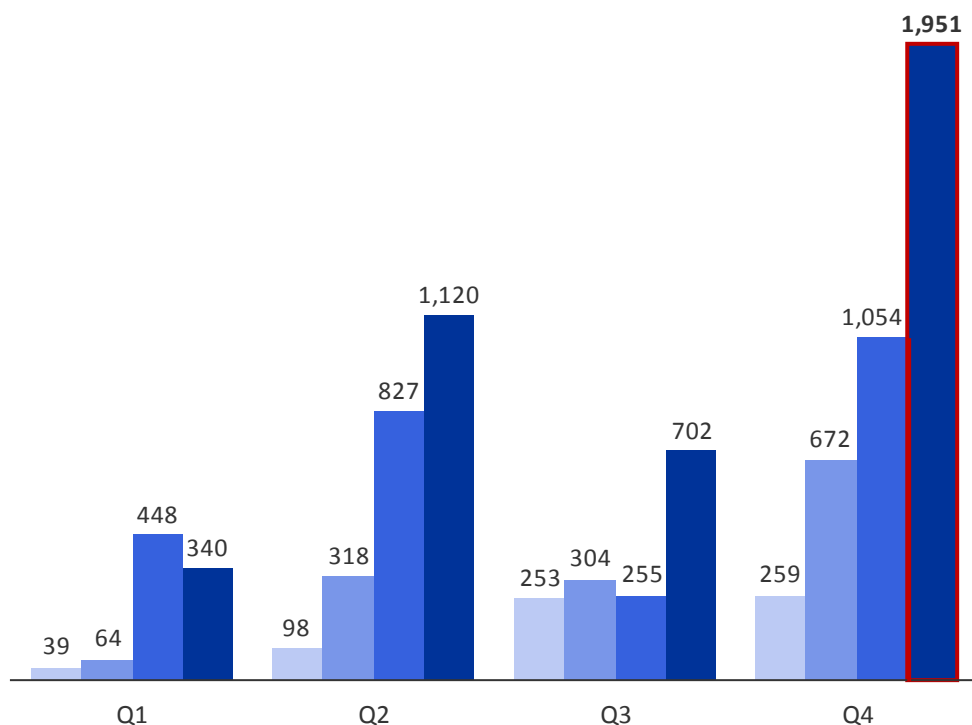


# Record-high purchase volume: NOK 2.0bn in Q4 and NOK 4.1 in 2017

## Portfolio purchase volumes

NOK million

2014 2015 2016 2017

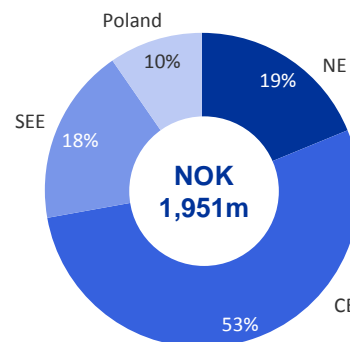


## Comments

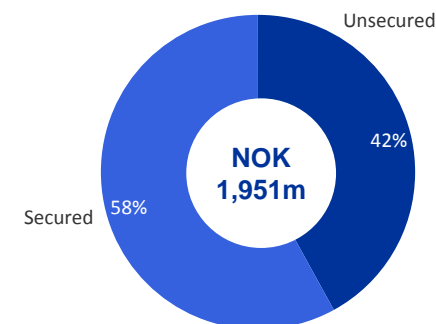
- Record strong volume for a fourth quarter
- Portfolio purchases in all regions present during the quarter, 42% unsecured
- NOK 4.1bn in purchases 2017: 35% from Northern Europe, 37% Central Europe, 19% Southeastern Europe and 8% from Poland

## Key details portfolio purchase volume

### Geography distribution



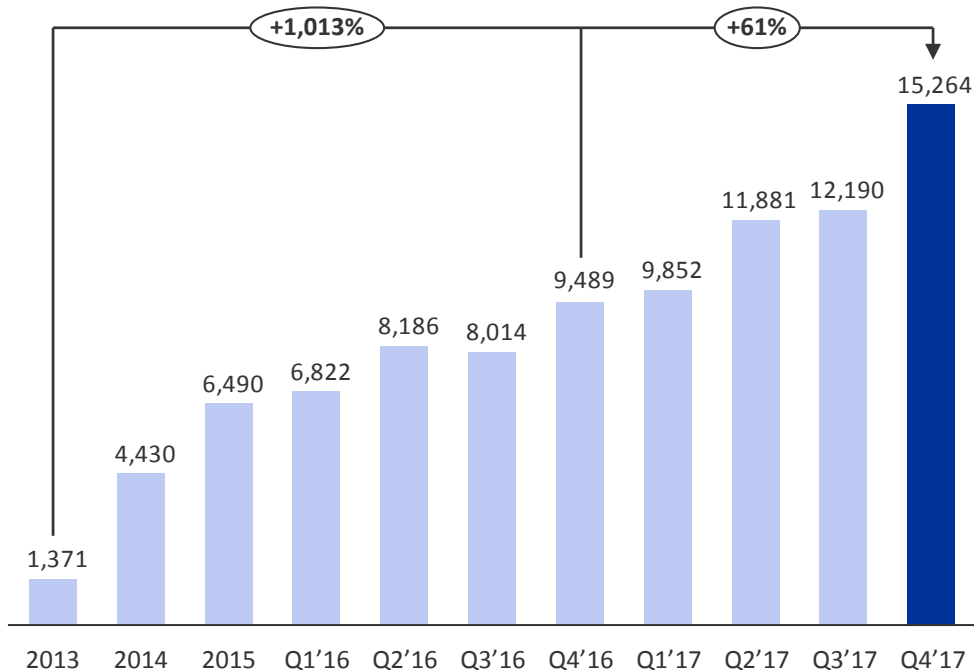
### Distribution by type



# Highly diversified portfolio yielding stable and predictable cash flows: Total gross ERC of approx. NOK 15.3bn (61% growth y-o-y)

## Development in total gross ERC

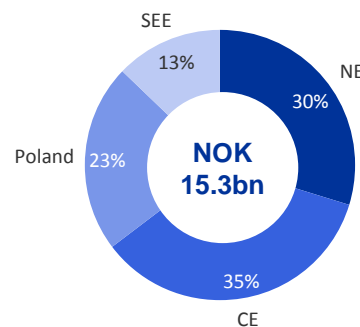
NOK million



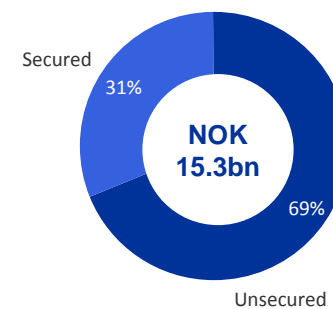
## Portfolio details (total gross ERC)

NOK million

### Geography distribution



### Distribution by type



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
NE	921	717	574	463	374	300	240	183	131	96	3,998	4,465
Poland	830	672	491	365	268	195	143	105	72	46	3,186	3,280
CE	294	289	245	207	166	131	93	74	47	21	1,569	1,598
SEE	278	297	215	148	96	58	35	11	1	0	1,139	1,139
<b>Sum</b>	<b>2,323</b>	<b>1,974</b>	<b>1,524</b>	<b>1,182</b>	<b>904</b>	<b>685</b>	<b>512</b>	<b>374</b>	<b>251</b>	<b>163</b>	<b>9,891</b>	<b>10,482</b>

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
CE	1,318	1,353	650	238	79	44	10	2	29	0	3,723	3,723
SEE	280	332	158	46	2	0	0	0	0	0	817	817
Poland	28	51	57	12	3	2	2	1	1	1	159	164
NE	13	17	15	10	7	5	4	4	3	1	79	79
<b>Sum</b>	<b>1,639</b>	<b>1,754</b>	<b>880</b>	<b>305</b>	<b>91</b>	<b>52</b>	<b>16</b>	<b>7</b>	<b>34</b>	<b>2</b>	<b>4,778</b>	<b>4,782</b>

Total	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
<b>Total</b>	<b>3,962</b>	<b>3,728</b>	<b>2,404</b>	<b>1,487</b>	<b>995</b>	<b>736</b>	<b>528</b>	<b>381</b>	<b>284</b>	<b>164</b>	<b>14,669</b>	<b>15,264</b>

# Outlook

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

### Financial

- Well positioned for further growth with platforms in 21 markets
- Significant investment capacity of NOK 1.9bn and covenant headroom for future growth
- Focus on financial targets

### Operational and organisational

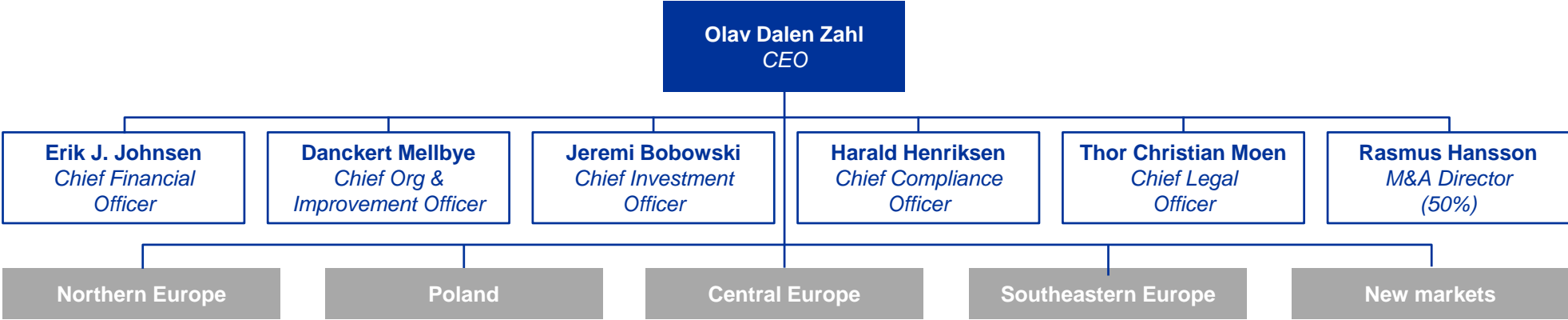
- Strong pipeline within both secured and unsecured portfolios – geographically diversified
- Strong focus on operational efficiency
- Access to the largest NPL markets in Europe through the platforms in Greece, Spain and Italy
  - Evaluating M&A opportunities in new markets

# Agenda



Appendices

# Organisational overview

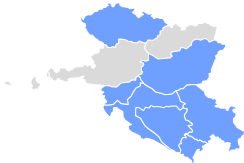


**Scandinavia:**  
**RD: Tore Krogstad**  
 - Norway  
 - Sweden  
 - Denmark

**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 (50%)**  
 - Italy (part of CE reporting)  
 - Spain (part of CE reporting)

# Financial highlights: Cash flow

## Consolidated cash flow

NOKm	2017 Q4	2016 Q4	2017 unaudited	2016 audited
Profit for the period before tax	215	94	648	227
Amortisation/revaluation of purchased loan portfolios	213	191	795	664
Adjustment other non-cash items	10	9	36	37
Interest expense on loans	107	67	357	227
Interest paid on loans and borrowings	-97	-53	-318	-184
Unrealised foreign exchange differences	-69	86	-98	180
Income tax paid during the year	-25	-14	-138	-60
Change in working capital	79	-27	16	-69
Change in other balance sheet items	-1	-53	-9	-115
<b>Net cash flow from operating activities</b>	<b>432</b>	<b>300</b>	<b>1,289</b>	<b>908</b>
Purchase of loan portfolios	-1,767	-963	-4,073	-2,530
Net investments in intangible and tangible assets	-32	-15	-53	-27
Investments in business acquisitions	-115	-12	-144	-262
<b>Net cash flow from investing activities</b>	<b>-1,914</b>	<b>-990</b>	<b>-4,270</b>	<b>-2,819</b>
Net new share issue	4	0	4	662
Net receipts (payments) on loans / borrowings	1,601	766	3,115	738
Dividends paid	0	0	-55	0
<b>Net cash flow from financing activities</b>	<b>1,605</b>	<b>766</b>	<b>3,064</b>	<b>1,400</b>
<b>Net cash flow in the period</b>	<b>123</b>	<b>75</b>	<b>83</b>	<b>-511</b>
Cash and cash equivalents at beginning of the period	186	149	218	765
Exchange rate difference on cash	18	-6	26	-36
<b>Cash and cash equivalents at end of the period</b>	<b>326</b>	<b>218</b>	<b>326</b>	<b>218</b>

## Comments

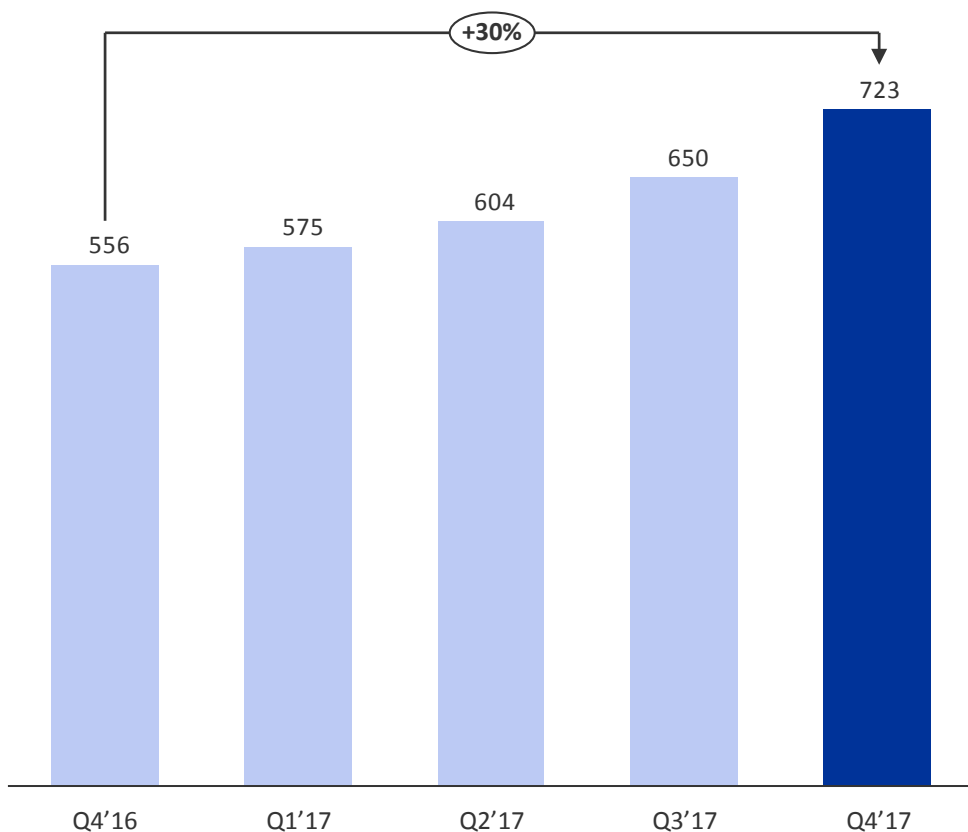
- Net cash flow from operating activities increases



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

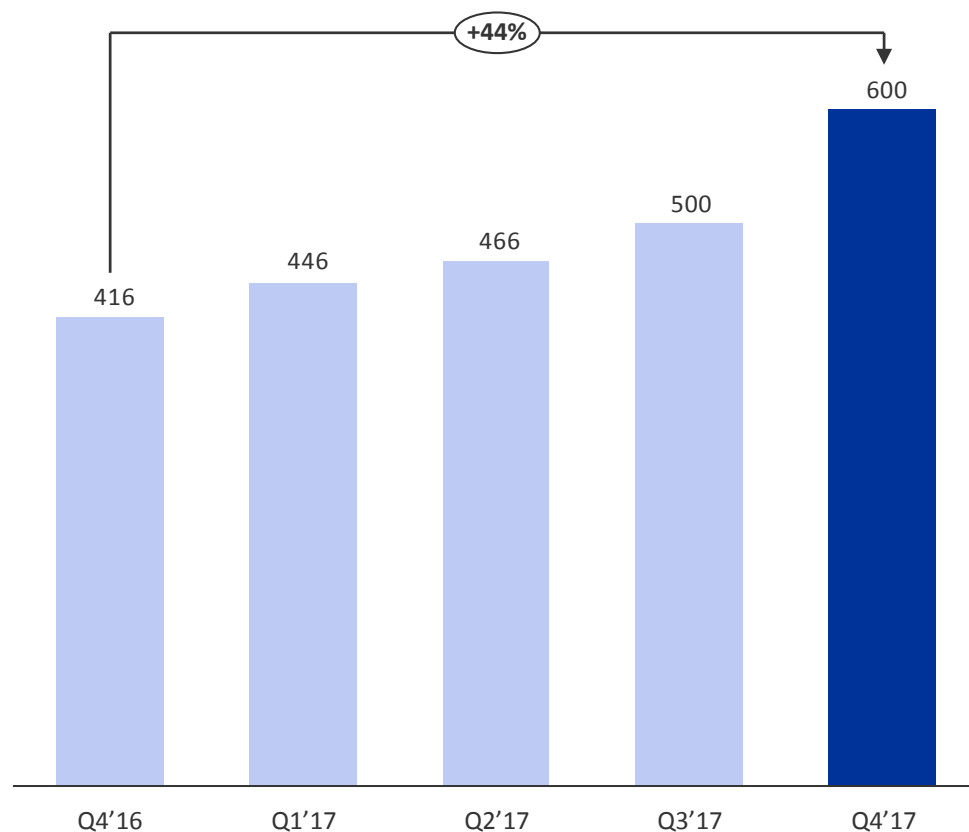
## Gross cash collection on portfolios

NOK million



## Total operating revenue

NOK million



# 20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	51,118,519	13.83 %
2	RASMUSSENGRUPPEN AS	43,073,236	11.66 %
3	VALSET INVEST A/S	24,000,000	6.49 %
4	STENSHAGEN INVEST AS	16,899,549	4.57 %
5	INDIGO INVEST AS	15,642,619	4.23 %
6	VERDIPAPIRFONDET DNB NORGE (IV)	9,982,640	2.70 %
7	BRYN INVEST AS	8,676,690	2.35 %
8	JPMORGAN CAHSE BANK, N.A., LONDON	8,034,609	2.17 %
9	ARCTIC FUNDS PLC	7,334,734	1.98 %
10	VERDIPAPIRFONDET ALFRED BERG GAMBA	6,574,492	1.78 %
11	GREENWAY AS	5,802,368	1.57 %
12	FOREIGN AND COLONIAL INVESTMENT	5,584,759	1.51 %
13	VERDIPAPIRFONDET DNB NORGE SELEKTI	5,123,126	1.39 %
14	SWEDBANK ROBUR NORDENFON	4,845,334	1.31 %
15	VEVLEN GÅRD AS	4,307,291	1.17 %
16	EVERMORE GLOBAL VALUE FUND	3,653,292	0.99 %
17	STOREBRAND NORGE I VERDIPAPIRFOND	3,498,261	0.95 %
18	DNB NOR MARKETS, AKSJEHANDEL/ANALYSE	3,450,000	0.93 %
19	VERDIPAPIRFONDET PARETO INVESTMENT	3,420,000	0.93 %
20	VERDIPAPIRFONDET ALFRED BERG NORGE	3,357,588	0.91 %
	Other	134,741,491	36.50 %
	<b>Total</b>	<b>369,120,598</b>	<b>100.00 %</b>

Note: Updated per 19 February 2018



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Stortingsgaten 22 | P.O. Box 1726 Vika | N-0121 Oslo

[www.b2holding.no](http://www.b2holding.no) | Tel: +47 22 83 39 50 | E-mail: [post@b2holding.no](mailto:post@b2holding.no)