Q3 2018 presentation

B2HOLDING®
Making each other better

Oslo, 28 November 2018

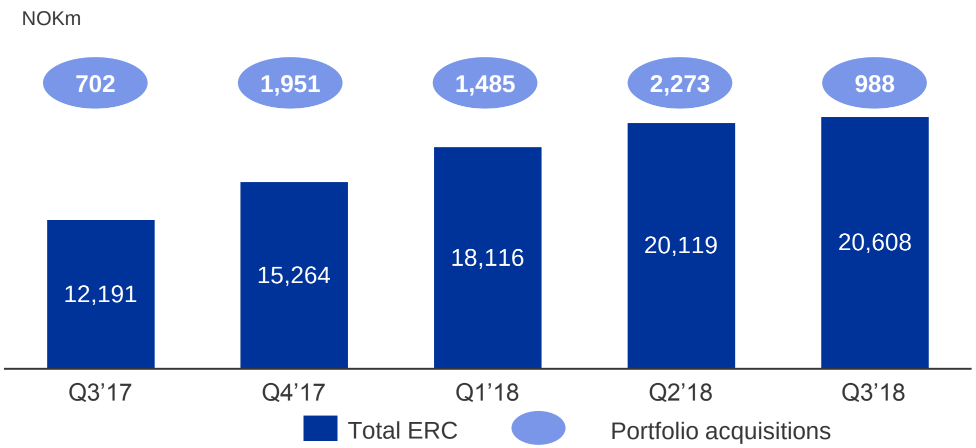
Highlights Q3 2018

Overview

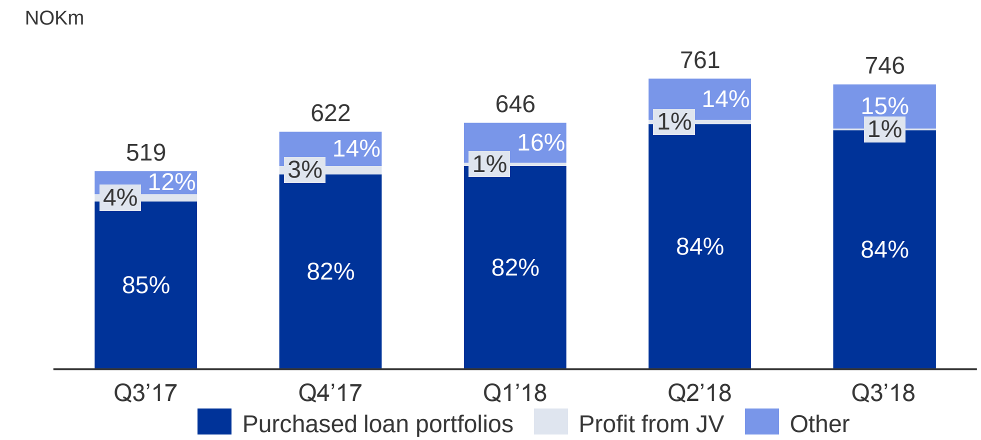
Financial developments	▪ High gross cash collection of NOK 1,022m up 57% (NOK 650m in Q3 2017) ▪ Cash EBITDA increased by 65% to NOK 778m (NOK 472m in Q3 2017) ▪ Operating profit increased by 46% to NOK 370m (NOK 253m in Q3 2017) after record strong operations ▪ Portfolio acquisition volume of NOK 988m, 41% increase from Q3 2017 (NOK 702m) ▪ Solid investment capacity of NOK 1.7bn plus monthly cash flow
Operational- and organisational developments	▪ Finance company license obtained in Norway and IFN license obtained in Romania ▪ New Regional Director for Western Europe, Maria Haddad from 25 October ▪ New co-investment structure with Waterfall Asset Management on NPL portfolio in Greece (October 2018) ▪ Extended the RCF of EUR 510 million with new maturity in May 2022

Strong financial performance

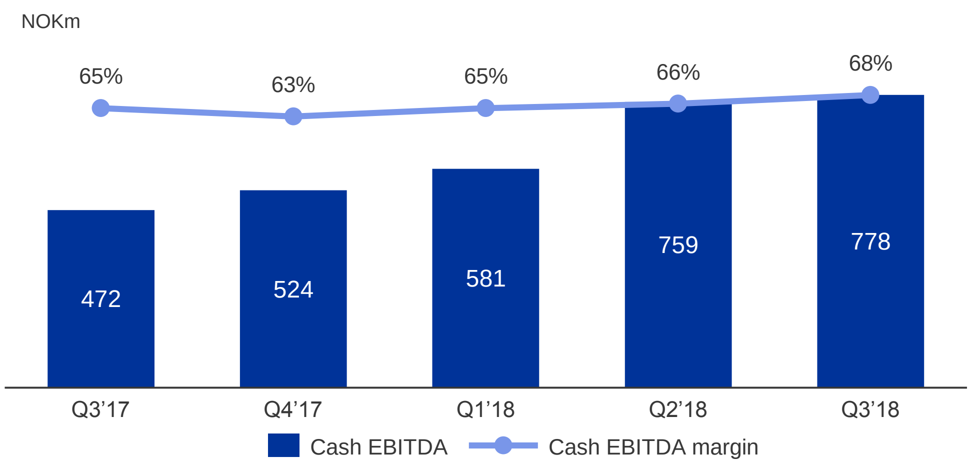
Total ERC and portfolio acquisitions



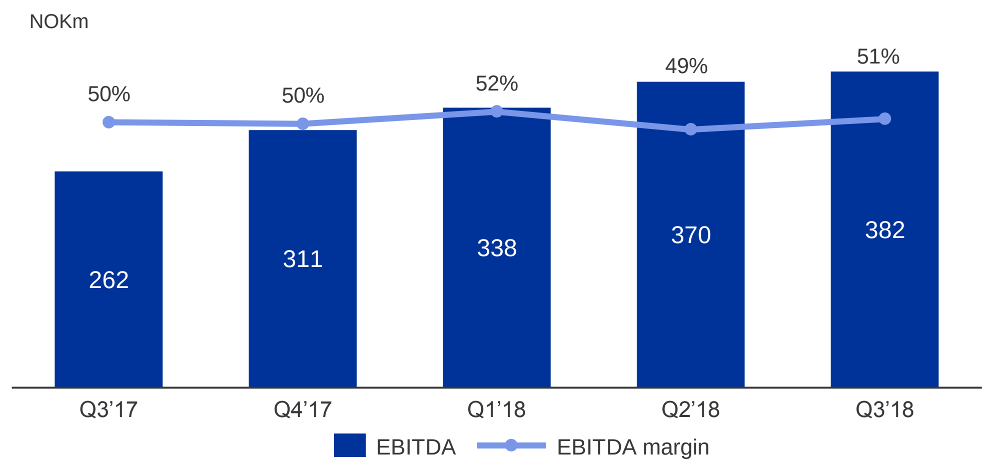
Total revenues



Cash EBITDA



EBITDA



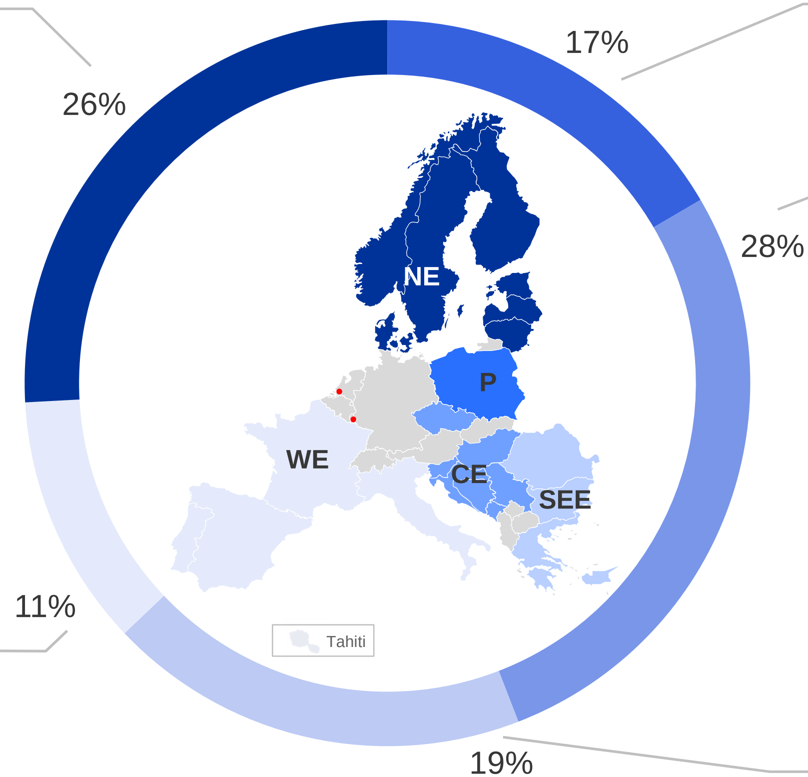
A solid pan-European platform

Northern Europe

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

Western Europe

- France
- Italy
- Spain
- Portugal



23	21
Platforms	Countries with portfolios
2,284	**20.6bn**
Employees (FTEs)	Total ERC (NOK)[1]

Poland

- Poland

Central Europe

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

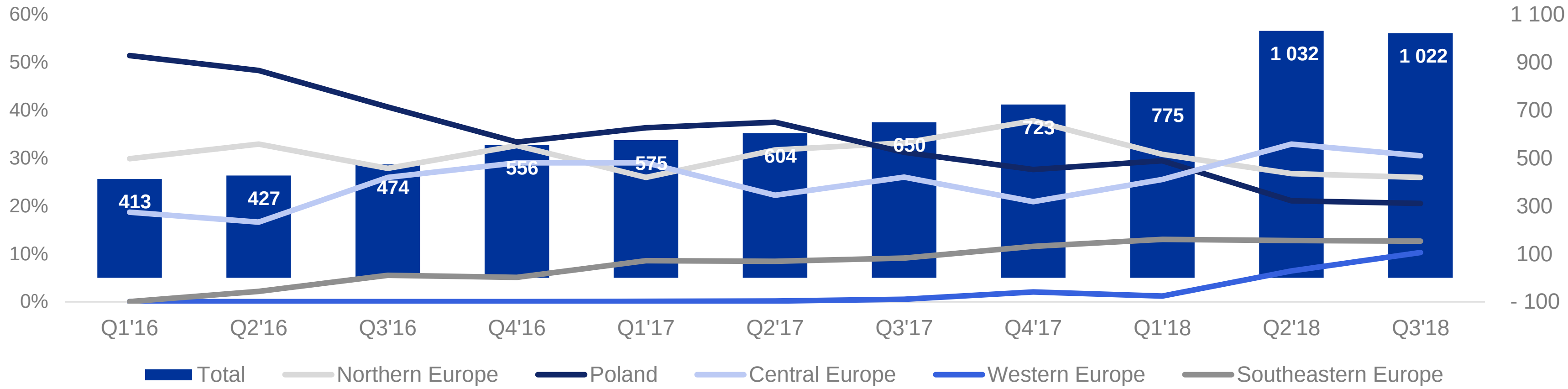
South East Europe[1]

- Romania
- Greece
- Cyprus
- Bulgaria

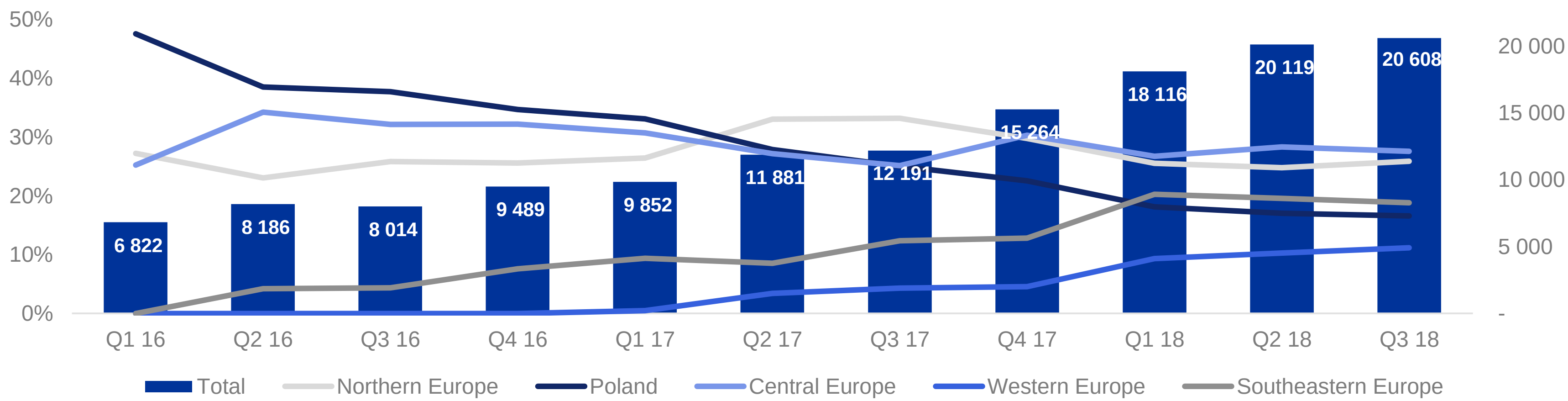
[1] Split and total ERC includes ERC attributable to JV with EOS in Romania

Increased diversification

Quarterly Gross cash collection (NOKm) & relative regional distribution



Total ERC & relative distribution



Financial performance

Strong third quarter

Financial summary

NOKm	Q3'18	Q3'17	% change
Total operating revenues[1)]	746	519	*44 %*
EBITDA	382	262	*46 %*
Operating profit (EBIT)	370	253	*46 %*
Profit margin	*50 %*	*49%*	
Cash Revenue[1)]	1,141	730	*56 %*
Cash EBITDA	778	472	*65 %*
Profit for the period after tax	159	113	*40 %*
Earnings per share (EPS)	0.39	0.31	*25 %*
Cash flow from operating activities	686	315	*118 %*
Operating cash flow per share	1.68	0.85	*97 %*
Portfolio acquisitions	988	702	*41 %*
Cash collection from portfolios	1,022	650	*57 %*
ERC (at end of month)[2)]	20,608	12,191	*69 %*

Comments

- Record high operating profit of NOK 370m in Q3 2018, a 46% increase compared to Q3 2017
- Portfolio amortisation percentage increased to 39% - expected further increase in next quarters
- Profit margin remains high in Q3 at 50%

[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".

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

Record strong EBITDA, cash EBITDA and EBIT

Income statement

NOKm	2018 Q3	2017 Q3	2018 9 months	2017 9 months	2017 audited
Interest income from purchased loan portfolios	680	437	1,861	1,192	1,680
Net credit gain/loss purchased loan portfolios	-53	2	-60	55	77
Profit from shares, associated companies and JVs	4	20	24	48	70
Other operating revenues	115	60	328	166	256
Total operating revenues	**746**	**519**	**2,153**	**1,461**	**2,083**
External costs of services provided	-91	-65	-266	-217	-286
Personnel costs	-173	-123	-498	-336	-490
Other operating expenses	-100	-70	-299	-199	-287
Depreciation and amortisation	-13	-9	-38	-25	-36
Operating profit (EBIT)	**370**	**253**	**1,052**	**683**	**984**
Financial income	2	1	4	2	3
Financial expenses	-166	-91	-429	-251	-358
Net exchange gain (loss)	-19	-12	4	-2	18
Net financial items	**-183**	**-102**	**-421**	**-251**	**-337**
Profit before tax	**186**	**151**	**631**	**433**	**648**
Income tax expense	-28	-38	-139	-108	-166
Net profit	**159**	**113**	**492**	**324**	**481**
Cash revenue	**1,141**	**730**	**3,181**	**2,043**	**2,878**
Cash EBITDA	**778**	**472**	**2,118**	**1,291**	**1,815**
EBITDA	**382**	**262**	**1,090**	**709**	**1,020**

Comments

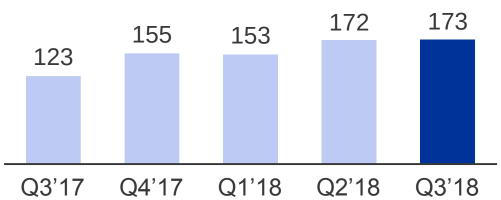
- Collection of unsecured somewhat below curves in most regions with total NOK 24m. Seen as a temporary deviation
- Collection of secured combined with revaluation was NOK -34m mainly due to timing effect. Collection on some claims are moved out in time, but the amount actually is estimated to be higher.
- Cost to collect was 25% in Q3 2018 (28% in Q3 2017). Volume effect materialising in SEE and WE. Some quarterly variations expected
- Increased interest costs due to higher debt
- Unrealized currency effect of NOK -19m due to change in HRK / EUR exchange rate
- Lower taxes starting materializing as a result of previously announced restructuring

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

Operational costs split

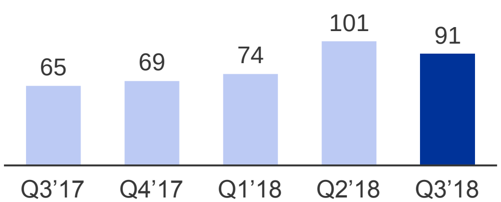
NOKm

Personnel costs



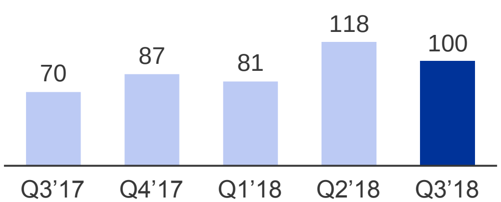
Personnel costs at same level as second quarter 2018.

External costs



Lower secured collection in CE, and less legal collection activity in Finland and Poland.

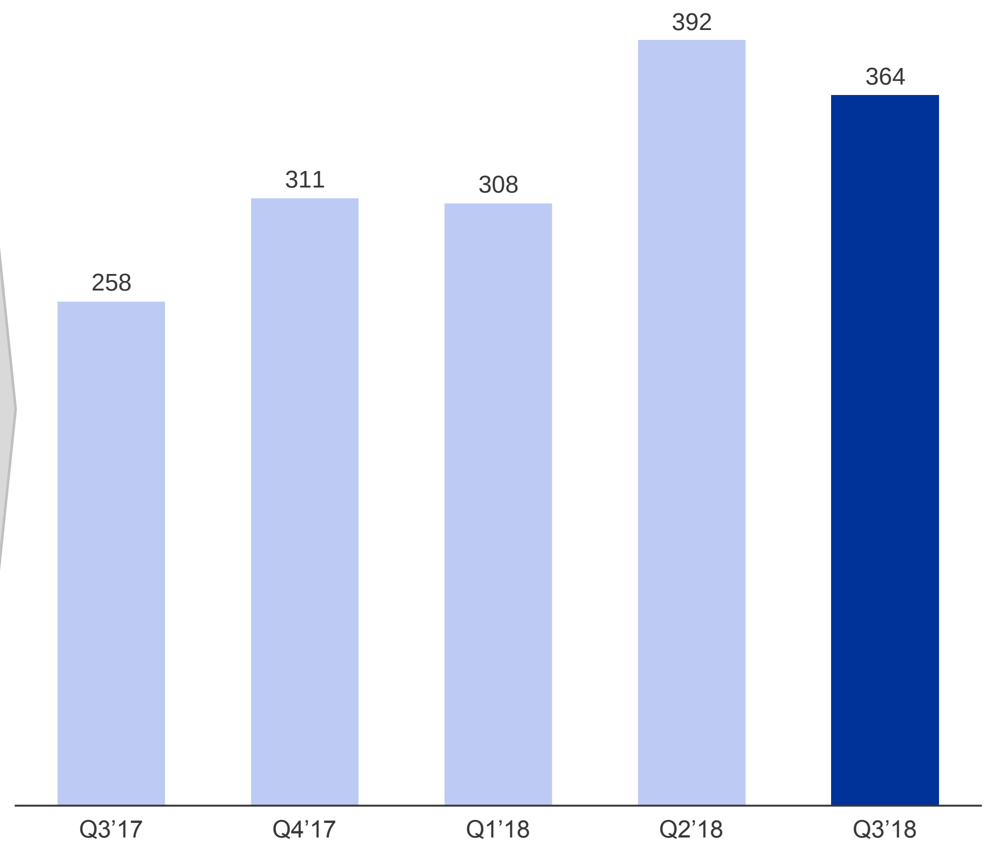
Other operating costs



Lower project related cost in third quarter.

Total operational costs

NOKm



Financial highlights: Balance sheet

Balance sheet

NOKm	2018 Q3	2017 Q3	2017 audited
Tangible and intangible assets	241	92	201
Goodwill	716	419	522
Purchased loan portfolios	12,642	6,577	8,732
Other long-term financial assets	506	558	618
Deferred tax asset	59	70	66
Total non-current assets	**14,163**	**7,716**	**10,139**
Other short-term assets	276	243	207
Cash & short-term deposits	673	333	452
Total current assets	**950**	**576**	**659**
Total assets	**15,113**	**8,292**	**10,797**
Total equity	**4,011**	**2,819**	**3,148**
Long-term interest-bearing loans and borrowings	9,665	4,876	5,739
Deferred tax liabilities	174	48	96
Other long-term liabilities	101	70	70
Total non-current liabilities	**9,940**	**4,994**	**5,905**
Short-term interest-bearing loans and borrowings			989
Accounts and other payables	528	91	267
Income tax payable	38	64	57
Other current liabilities (incl. bank overdraft)	596	323	432
Total current liabilities	**1,161**	**479**	**1,744**
Total equity and liabilities	**15,113**	**8,292**	**10,797**

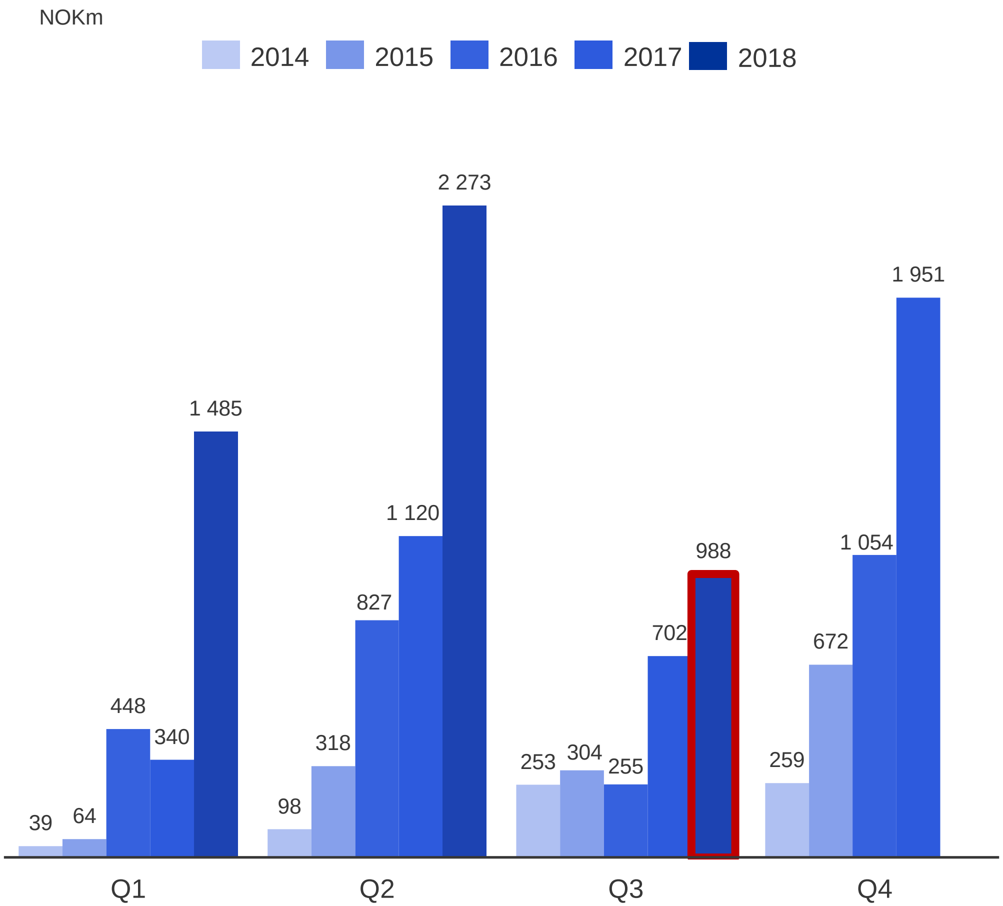
Comments

- Increase in purchased loan portfolios of 92% LTM
- Equity ratio 26.5%, high cash position
- Investment capacity NOK 1.7bn* plus monthly cash flow
- Net interest-bearing debt NOK 9.2bn

*adjusted for deferred payment for portfolio purchase of NOK 396m

Quarterly purchase volume: NOK 988m in Q3

Portfolio purchase volumes

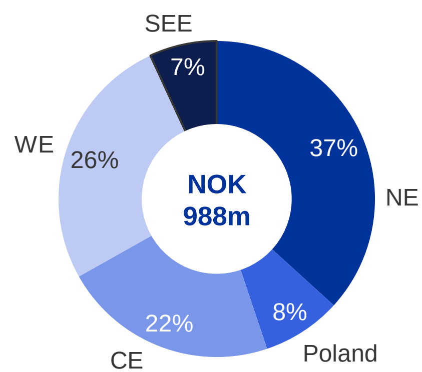


Comments

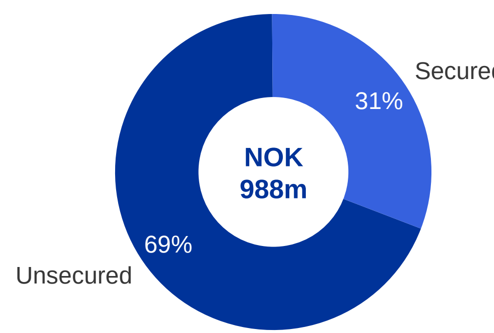
- Strong volume for a third quarter
  - 41% increase compared to Q3 2017
- Portfolios acquired in Northern Europe and Western Europe, represents 63% of portfolio purchases in the quarter
- Well diversified between asset classes YTD with 63% unsecured and 37% secured

Key details portfolio purchase volume

Geography distribution



Distribution by type



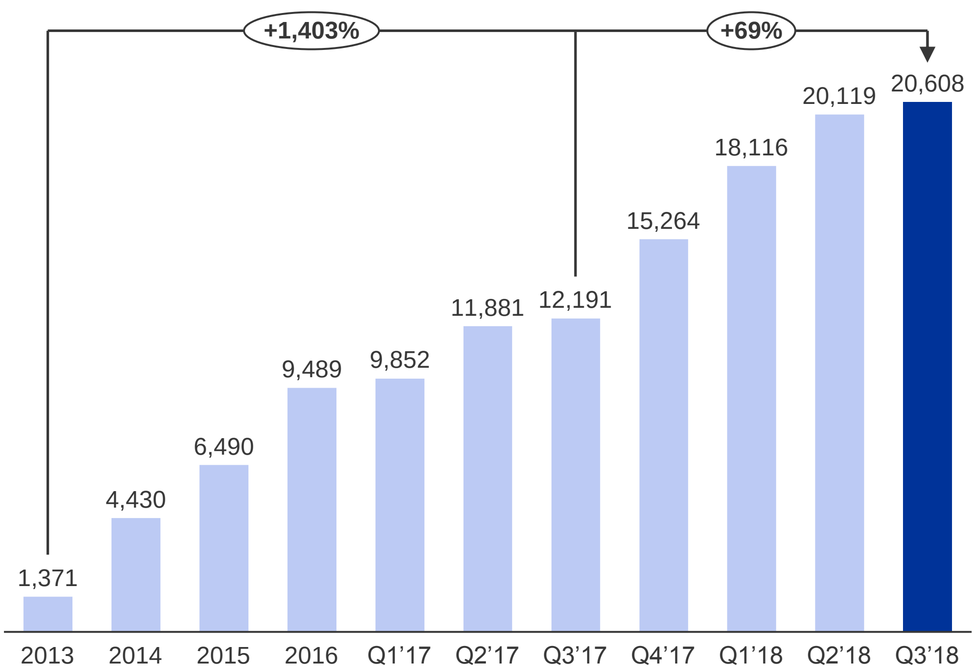
Highly diversified portfolio yielding stable and predictable cash flows: Total gross ERC of approx. NOK 20.6bn (69% growth y-o-y)

Development in total gross ERC[1)]

NOKm

Claims (#): ~7.1m

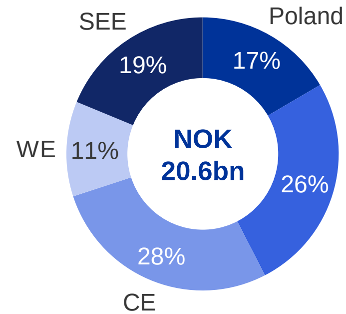
Face value (NOK): ~152bn



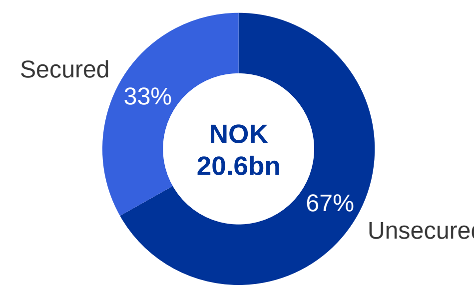
Portfolio details (total gross ERC)[1)]

NOKm

Geography distribution



Distribution by type



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	787	658	470	349	261	194	143	106	73	44	3,086	3,144
NE	1 070	861	697	560	439	352	279	216	165	124	4,765	5,274
CE	389	347	281	240	199	152	126	88	33	20	1,875	1,900
WE	82	93	81	59	55	43	33	24	21	4	497	501
SEE	548	617	541	437	316	226	159	107	16	0	2,967	2,967
Sum	**2,878**	**2,577**	**2,071**	**1,646**	**1,271**	**966**	**741**	**540**	**308**	**193**	**13,189**	**13,787**

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	54	61	144	9	4	1	1	0	0	0	276	276
NE	12	13	9	7	5	4	3	3	2	-	57	57
CE	1,825	1,162	576	125	43	11	5	4	28	1	3,780	3,783
WE	285	433	399	394	165	86	18	10	2	4	1,798	1,798
SEE	435	304	118	35	11	4	-	-	-	-	907	907
Sum	**2,612**	**1,973**	**1,247**	**570**	**227**	**106**	**28**	**17**	**32**	**6**	**6,818**	**6,821**
Total	**5,489**	**4,550**	**3,317**	**2,216**	**1,498**	**1,073**	**769**	**557**	**340**	**199**	**20,007**	**20,608**

1) Split and total ERC includes ERC attributable to JV with EOS in Romania

Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

ERC profile next twelve months

ERC Year 1[1)2)]

Secured	Q4'18	Q1'19	Q2'19	Q3'19	Year 1
Poland	6	10	14	24	54
NE	3	3	3	3	12
CE	575	378	401	471	1,825
WE	58	88	64	75	285
SEE	118	100	108	110	435
Total	**760**	**579**	**590**	**683**	**2,612**

Unsecured	Q4'18	Q1'19	Q2'19	Q3'19	Year 1
Poland	206	192	195	194	787
NE	313	261	262	234	1,070
CE	98	99	96	96	389
WE	24	19	21	19	82
SEE	118	133	144	153	548
Total	**759**	**704**	**717**	**697**	**2,878**
Total	**1,518**	**1,283**	**1,308**	**1,380**	**5,489**
Amortization back book	**56%**	**53%**	**56%**	**61%**	**57%**

Comments

- Secured collection with larger variation quarter by quarter
- Unsecured collection more stable, but with some seasonality
- Amortization related to the back book is expected to increase over the next quarters

1) Split and total ERC includes ERC attributable to JV with EOS in Romania

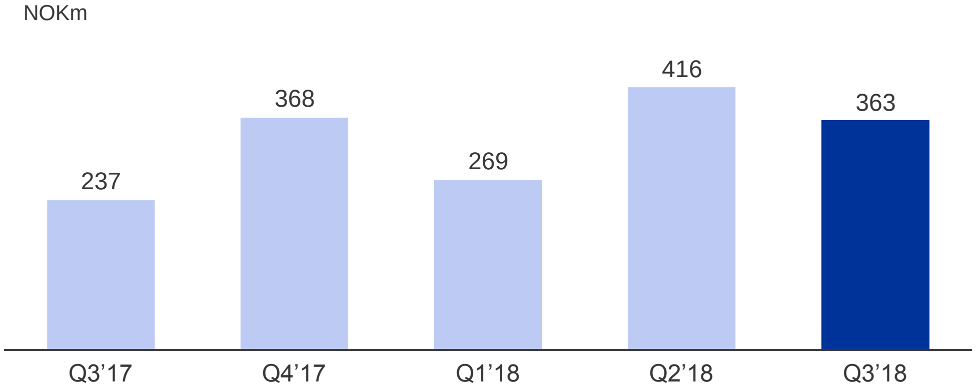
2) Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty

Segment financials:
Northern Europe (NE)

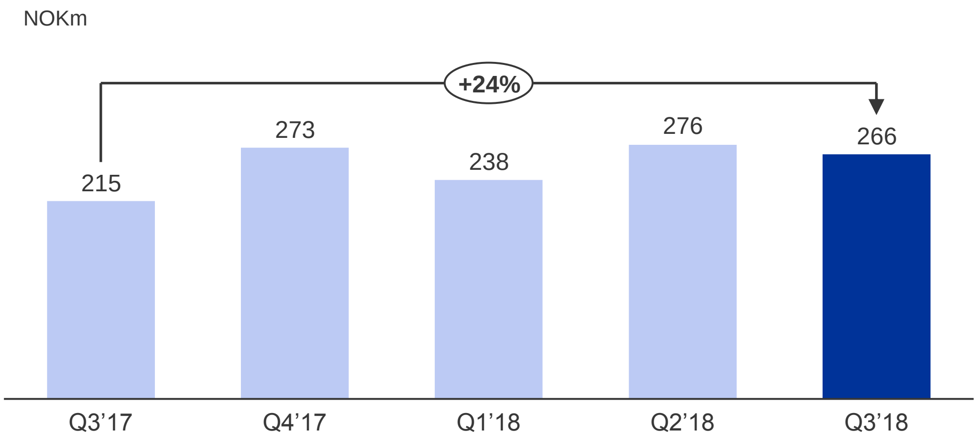
Comments

- Portfolio purchase volume of NOK 363m in the quarter
- High gross cash collection of NOK 266m in Q3
  - Collection on unsecured right below the curve with NOK 6m, upward revaluation of NOK 5m
- Operating margin 56% in Q3 (54% Q3 2017)
- Cost to collect steady around 19% in Q3 (19% Q3 2017)
- Finance company license obtained in Norway

Purchased loan portfolios



Gross cash collection on portfolios

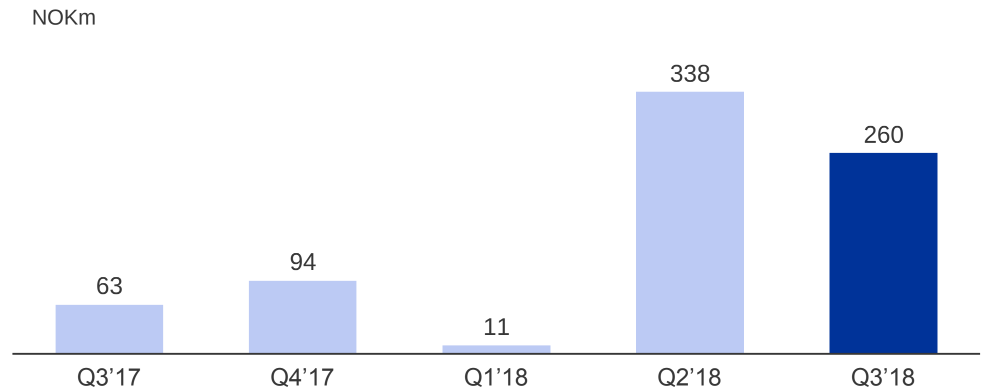


Segment financials:
Western Europe (WE)

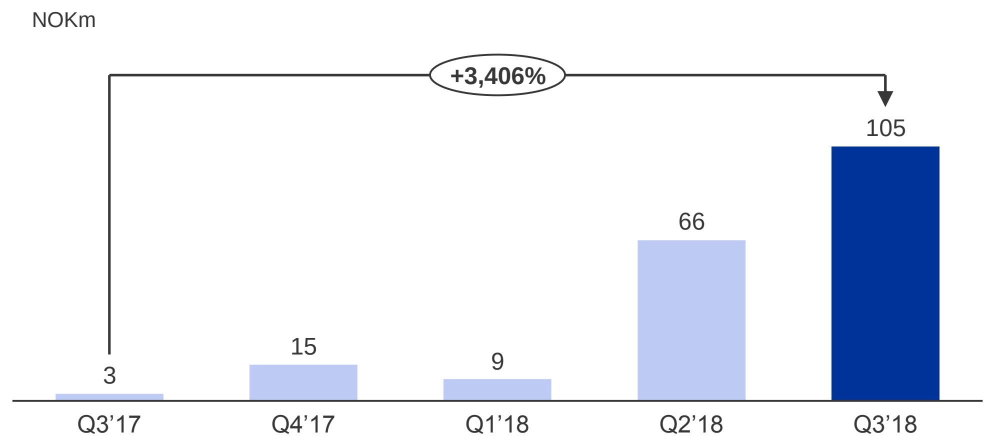
Comments

- WE established as a region from 2018
  - 2017 figures only include Italy
- Portfolio purchases of NOK 260m in the quarter
- High gross cash collection in Q3 of NOK 105m
  - Collection on unsecured above expectations with NOK 2m
  - Collection on secured combined with revaluation below expectation with NOK 13m. Timing effect and one large ticket was solved amicably with lower than expected gross payment, but higher net amount due to lower costs.
- Cost to collect 23% in Q3 versus Q2 40%. Scale effects materialize as volume increases.
- Good pipeline in the region
- New Regional Director, Maria Haddad from 25 October

Purchased loan portfolios



Gross cash collection on portfolios

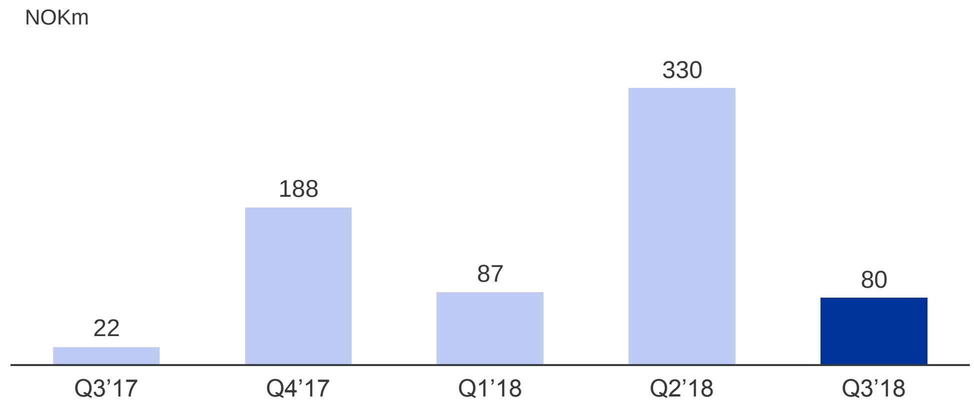


Segment financials:
Poland (P)

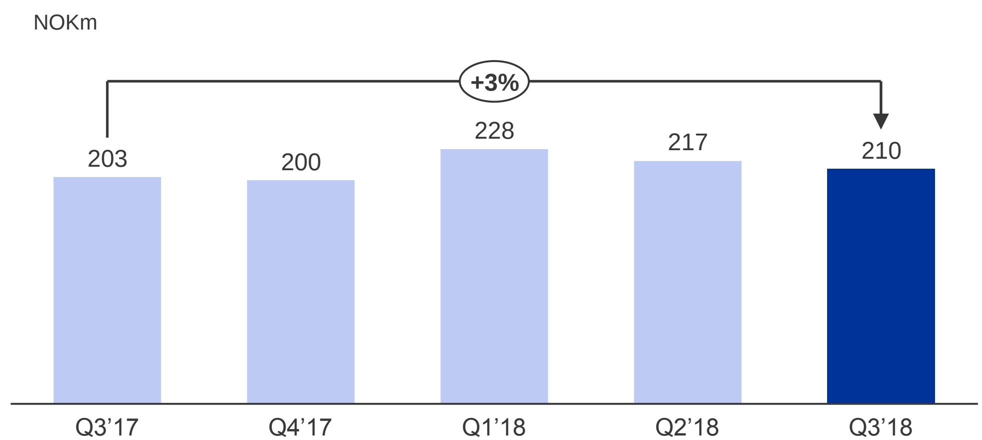
Comments

- Portfolio purchase volume of NOK 80m in the quarter
- Gross collection in Q3 of NOK 210m
  - Collection on unsecured below with NOK 8m, negative revaluation of NOK 2m
  - Collection on secured combined with revaluation above expectation with NOK 6m
- Operating margin 40% in Q3 (24% Q3 2017)
- Cost to collect is 36%, due to additional cost related to restructuring and relocation process (double rent)
- Competitive market landscape is changing resulting in improved IRRs

Purchased loan portfolios



Gross cash collection on portfolios

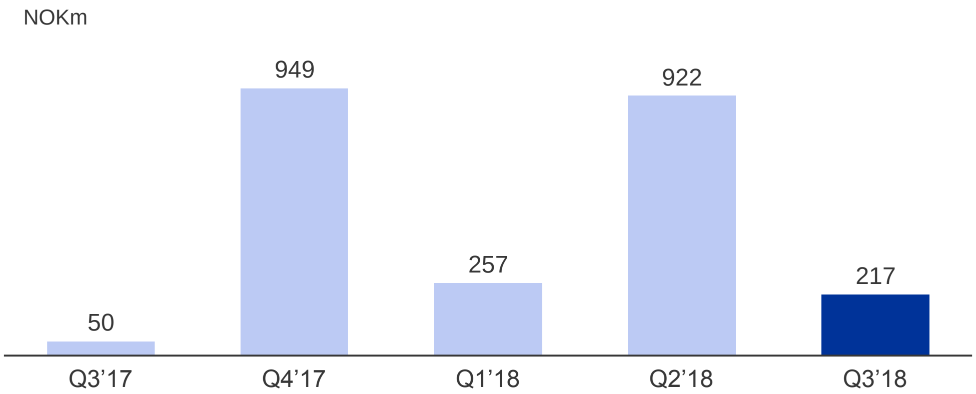


Segment financials:
Central Europe (CE)

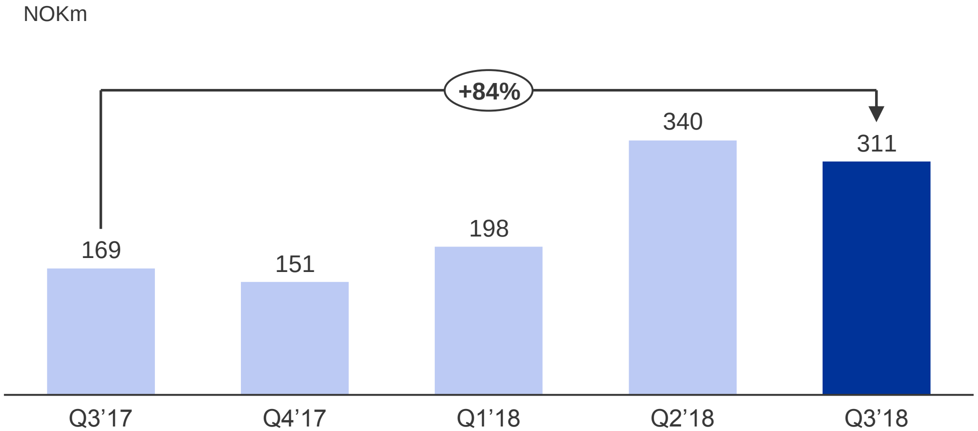
Comments

- Portfolio purchase volume of NOK 217m in the quarter
- Gross collection in Q3 of NOK 311m
  - Unsecured portfolio collection below curves with NOK 7m. YTD the collection is above curves with NOK 10m.
  - Collection on secured combined with revaluation below expectation with NOK 19m due primarily to time effect. One of the first large portfolio was too optimistic with respect to time. IRR on the portfolio after adjustment is still very good and above the hurdle rate.
- Cost to collect is 16% in Q3 versus 19% in Q3 2017.
- Good portfolio pipeline in the region
- Strong economic growth in the region

Purchased loan portfolios



Gross cash collection on portfolios

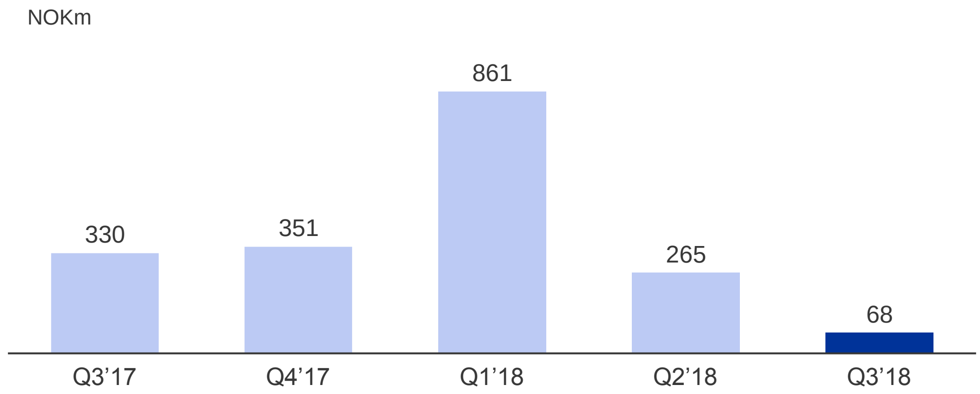


Segment financials:
South Eastern Europe (SEE)

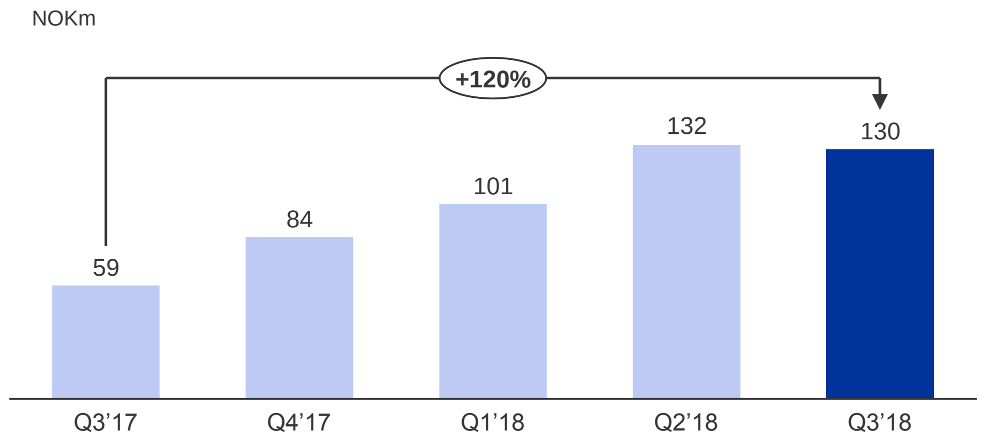
Comments

- Portfolio purchases of NOK 68m in the quarter
- Gross cash collection in Q3 of NOK 130m
  - Unsecured portfolio collection just below curves of NOK 3m, while YTD show collection above curves at NOK 14m
  - Secured portfolio collection below curves with NOK8m due to timing effect
- Cost to collect is 41% in Q3 versus 48% in Q3 2017 due collection volumes increase and investment in secured portfolios
- Good visibility of portfolio pipeline in all countries
- IFN license obtained in Romania
- New Regional Director, George Christoforou from 1 September

Purchased loan portfolios



Gross cash collection on portfolios[1)]



1) Gross cash collection on portfolios does not include cash collection from JV with EOS in Romania

Expected continued growth in fourth quarter 2018 – continued strong focus on operational performance

Outlook

Financial	▪ Focus on further growth within the established platforms ▪ Significant investment capacity of NOK 1.7bn plus monthly cash flow ▪ Focus on financial targets ▪ Co-investment structures being discussed for selected portfolios in some markets
Operational and organisational	▪ Strong pipeline within both secured and unsecured portfolios ▪ Geographic diversification in portfolio purchases expected to continue ▪ Due to normal seasonal effects, higher portfolio purchase volumes expected in Q4 ▪ Strong focus on operational efficiency

Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty

Q&A

Financial highlights: Cash flow

Consolidated cash flow

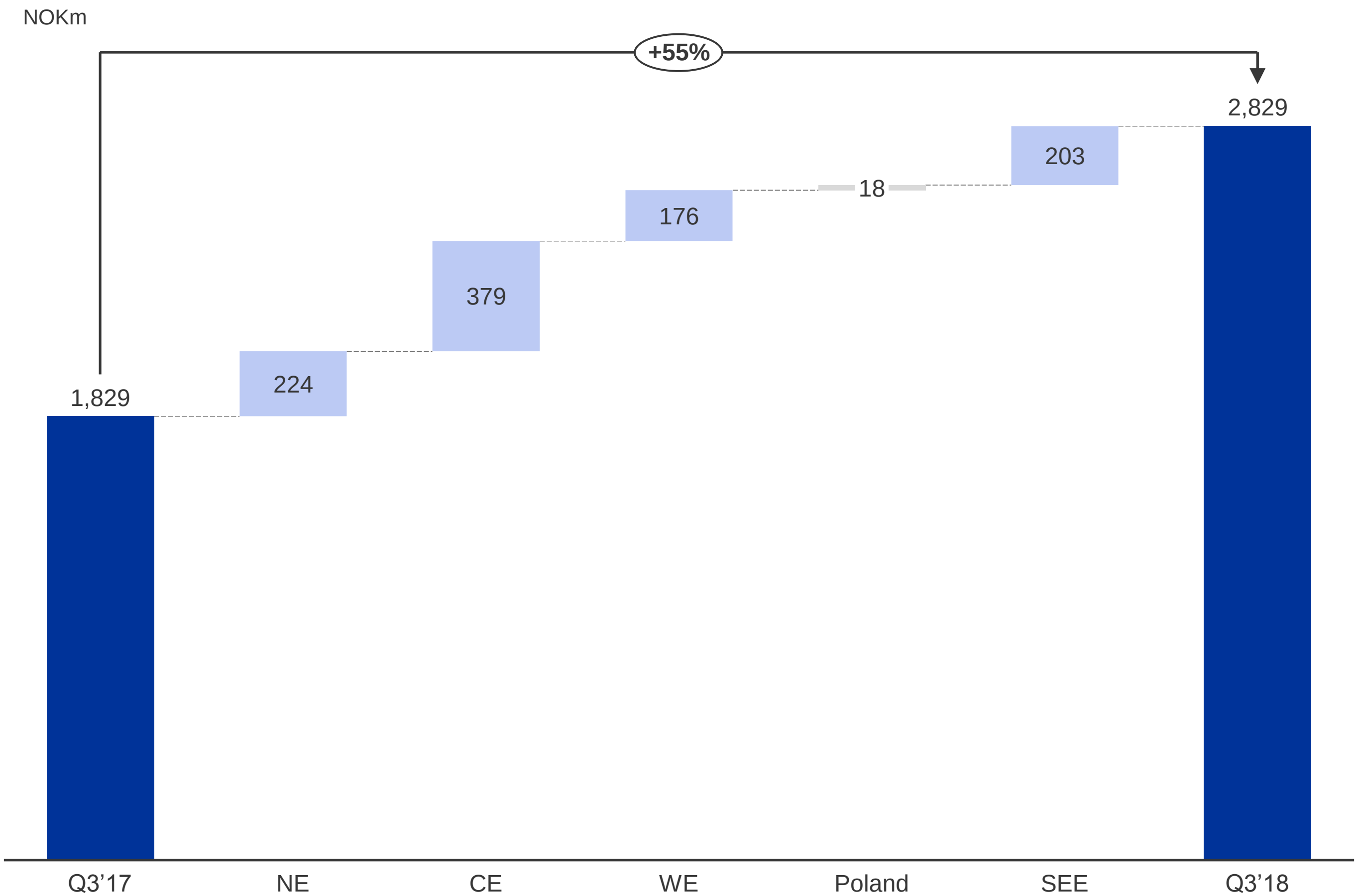
NOKm	2018 Q3	2017 Q3	2018 9 months	2017 9 months	2017 Full year
Profit for the period before tax	186	151	631	433	648
Amortisation/revaluation of purchased loan portfolios	395	211	1,028	582	795
Adjustment other non-cash items	15	9	45	26	36
Interest expense on loans	165	91	426	250	357
Interest paid on loans and borrowings	-143	-143	-382	-221	-318
Unrealised foreign exchange differences	77	19	138	-29	-98
Income tax paid during the year	-34	-24	-125	-113	-138
Change in working capital	11	-54	15	-63	69
Change in other balance sheet items	13	-10	-17	-8	-62
Net cash flow from operating activities	**686**	**315**	**1,759**	**857**	**1,289**
Purchase of loan portfolios	-2,059	-833	-4,499	-2,306	-4,073
Net investments in intangible and tangible assets	-38	-5	-68	-20	-53
Investments in business acquisitions			-294	-30	-144
Net cash flow from investing activities	**-2,097**	**-888**	**-4,861**	**-2,356**	**-4,270**
Net new share issue	12		742		4
Net receipts (payments) on loans / borrowings	1,277	546	2,639	1,514	3,115
Dividends paid			-122	-55	-0
Net cash flow from financing activities	**1,289**	**546**	**3,259**	**1,459**	**3,064**
Net cash flow in the period	**-122**	**-27**	**156**	**-40**	**83**
Cash and cash equivalents at beginning of the period	584	227	326	218	218
Exchange rate difference on cash	-5	-14	-25	8	26
Cash and cash equivalents at end of the period	**457**	**186**	**457**	**186**	**326**

Comments

- Net cash flow from operating activities increases
- Operating cash flow of NOK 686m, 118% above Q3 2017

Strong gross collection: +55% to NOK 2,829m

Bridge Q3’17-Q3’18: Gross cash collection on portfolios

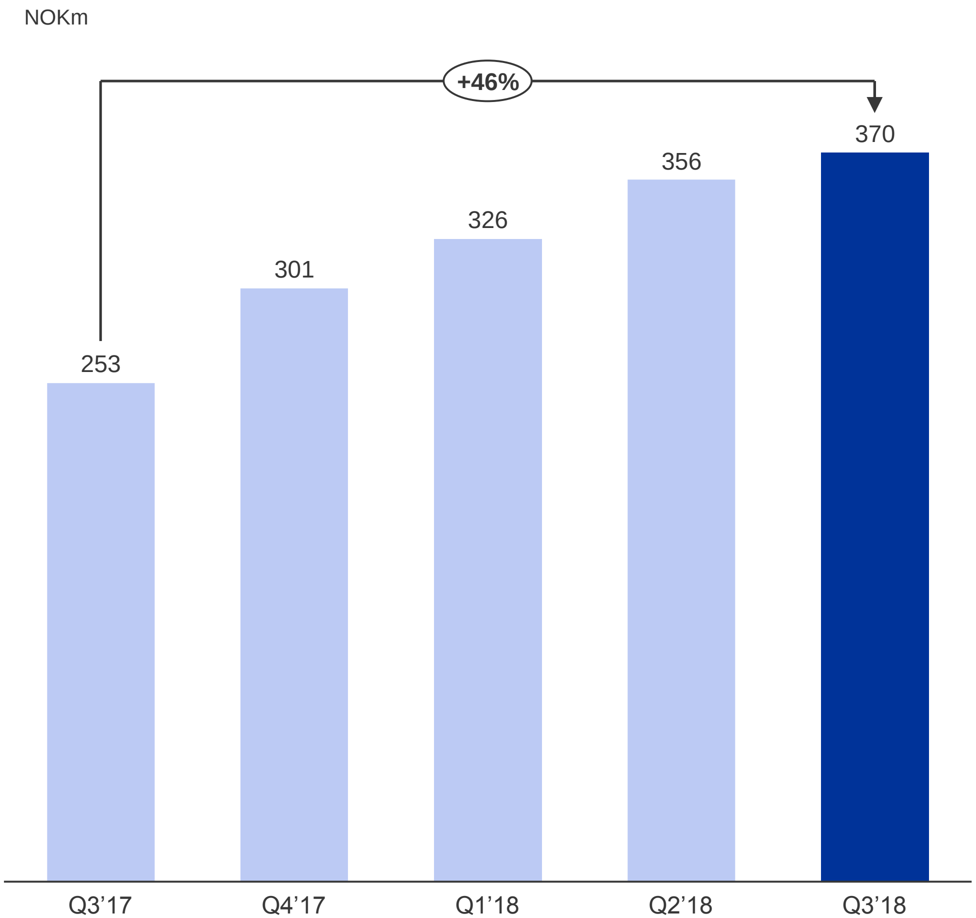


Comments

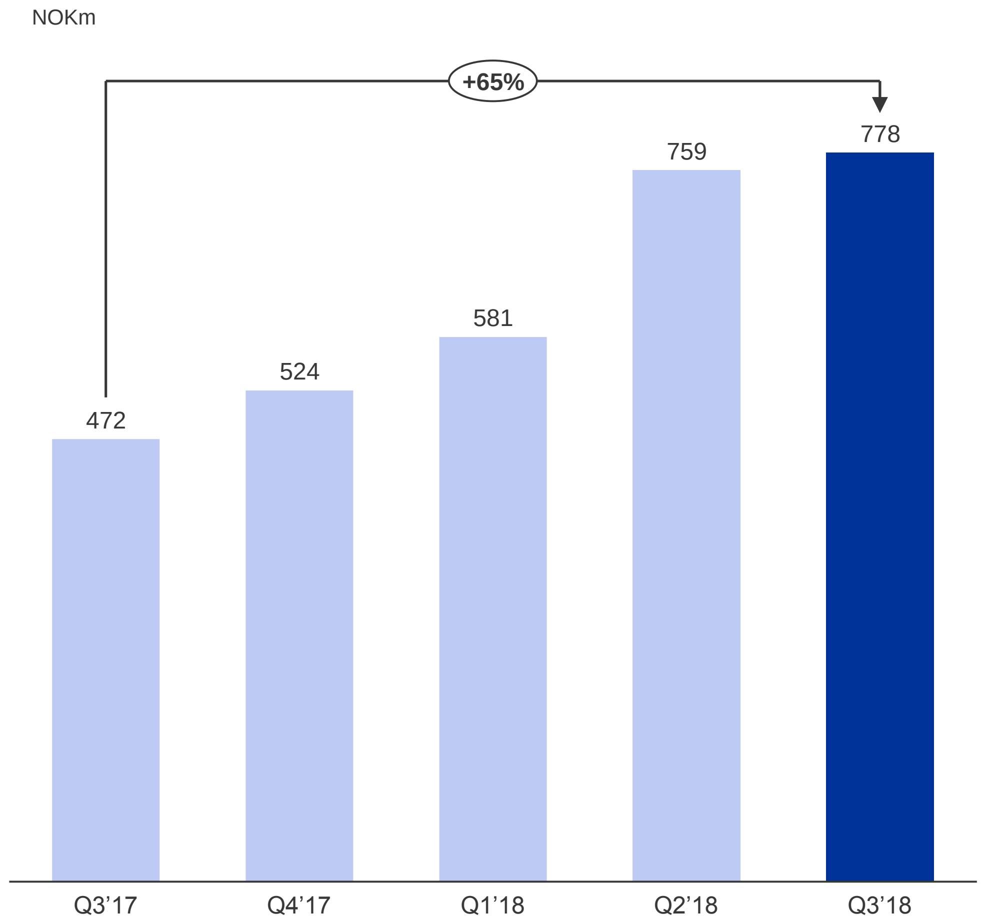
- Strong gross cash collection
- Solid growth in NE (+40%), CE (+81%) and SEE (+128%)
- Expect continued strong growth in gross cash flow in CE and SEE going forward related to secured portfolios

Tenth consecutive record quarter in terms of cash EBITDA

EBIT

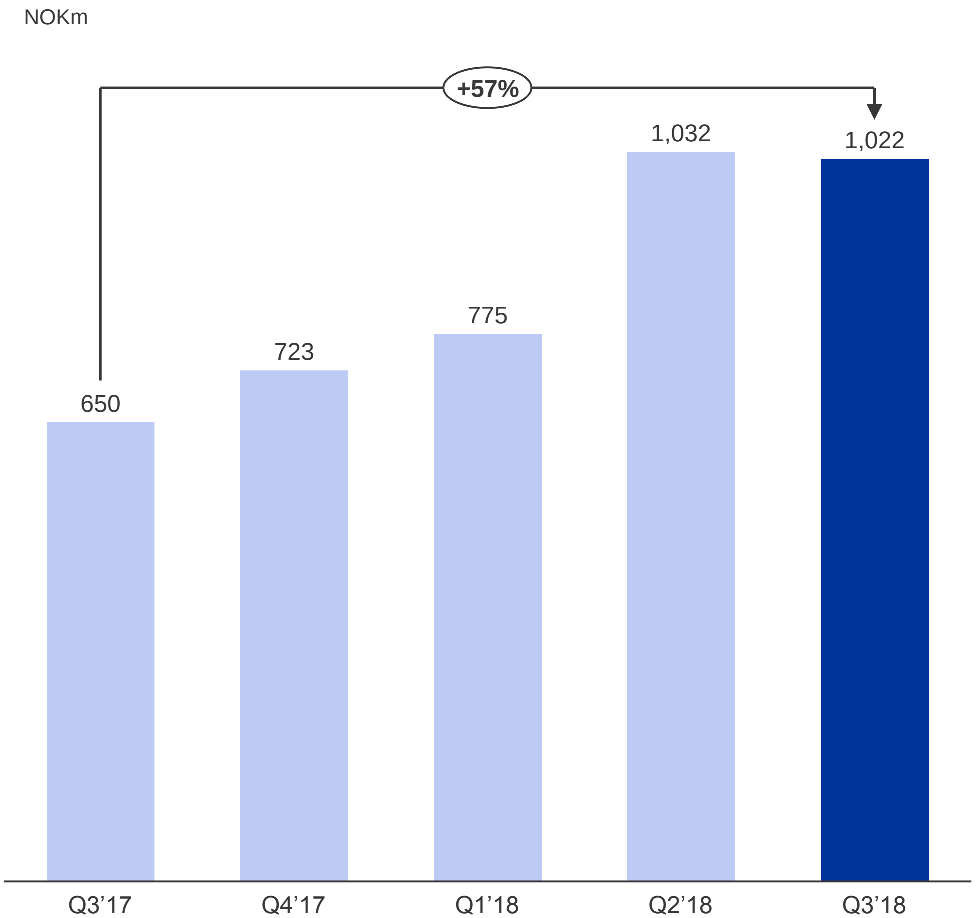


Cash EBITDA

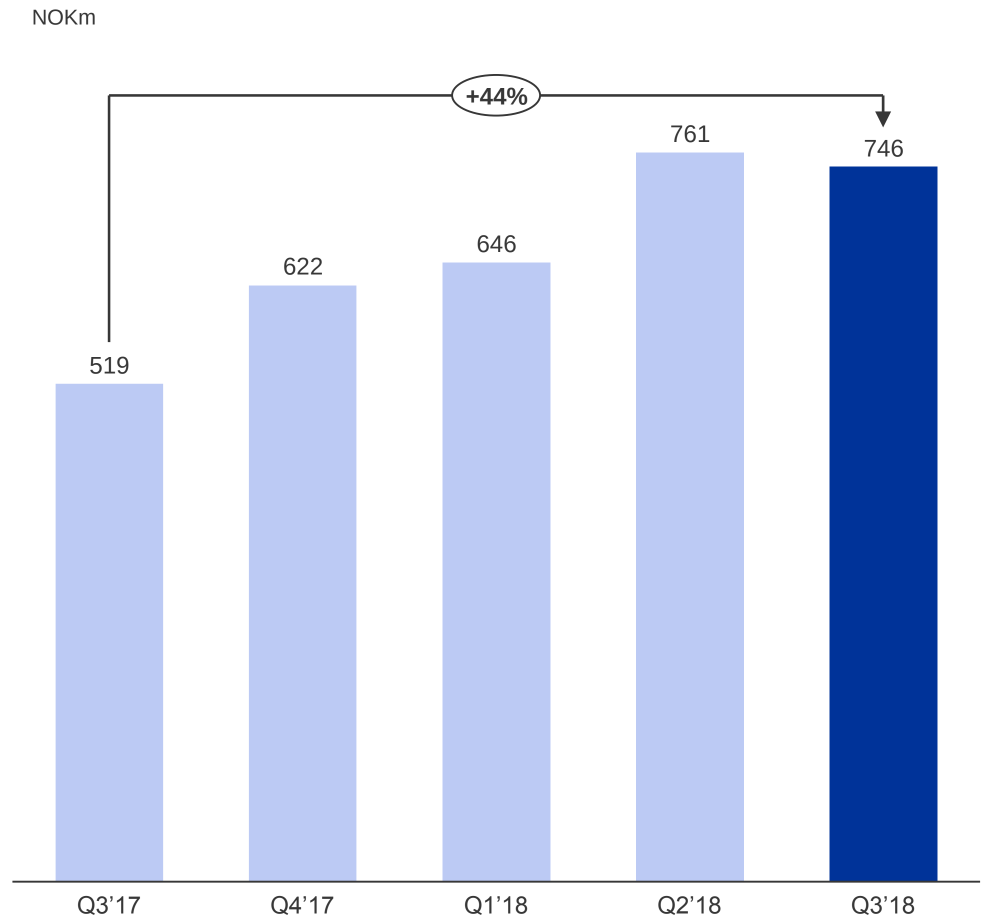


Cash collection and net operating revenue at high levels

Gross cash collection on portfolios



Total operating revenue



20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	52 200 000	12,76 %
2	RASMUSSENGRUPPEN AS	43 073 236	10,53 %
3	VALSET INVEST AS	25 000 000	6,11 %
4	STENSHAGEN INVEST AS	17 393 376	4,25 %
5	INDIGO INVEST AS	16 383 360	4,01 %
6	VERDIPAPIRFONDET DNB NORGE (IV)	11 163 593	2,73 %
7	BRYN INVEST AS	8 676 690	2,12 %
8	VEVLEN GÅRD AS	8 500 000	2,08 %
9	VERDIPAPIRFONDET ALFRED BERG GAMBA	7 553 369	1,85 %
10	ARCTIC FUNDS PLC	6 934 734	1,70 %
11	VERDIPAPIRFONDET PARETO INVESTMENT	6 244 405	1,53 %
12	GREENWAY AS	5 802 368	1,42 %
13	SWEDBANK ROBUR NORDENFON	5 400 000	1,32 %
14	VERDIPAPIRFONDET DNB NORGE SELEKTI	5 071 221	1,24 %
15	ARCTIC FUNDS PLC	5 043 478	1,23 %
16	VERDIPAPIRFONDET ALFRED BEDRG NORGE	5 031 620	1,23 %
17	STOREBRAND NORGE I VERDIPAPIRFOND	4 763 907	1,16 %
18	EVERMORE GLOBAL VALUE FUND	4 365 766	1,07 %
19	JPMORGAN BANK, LUXEMBOURG SA	4 006 613	0,98 %
20	LIN AS	3 501 670	0,86 %
	Other	163 793 892	40,00 %
	Total	**409 903 298**	**100,00 %**

Note: Updated per 26 November 2018

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