

Garfunkelux Holdco 2 S.A.

2016 Q1 Trading
Update

Period Ending
March 31st, 2016

May 25th, 2016





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- This presentation captures the Q1 2016 trading results of Garfunkelux Holdco 2 S.A. (“GH2”) – the results are unaudited, based on our management accounts and where appropriate, prepared in accordance with IFRS.
- The year-on-year comparisons captured in this presentation are not directly comparable given that the ultimate parent company in the Group, Garfunkelux Holdco 2 S.A. did not exist as at 31st March 2015. Thus, the comparisons stated (being either the three months to March 2016 versus the three months to March 2015 or the position as at March 2016 versus the position as at March 2015) are based on:
 - 1) The trading results of Garfunkelux Holdco 2 S.A. for the three months to March 2016 or as at March 2016
 - 2) The combined trading results of Metis Bidco Limited (“Lowell”) and GFKL Financial Services GmbH (“GFKL”) for the three months to March 2015 or as at March 2015.
- We have elected to show such year-on-year comparisons as they still provide a reasonable proxy as to the development in the Group’s trading year-on-year given that only Group funding and some limited operational costs sit in entities above Metis Bidco Limited and GFKL Financial Services GmbH.



I. Q1 Highlights

II. 2016 Outlook



Impressive Growth Trends From Prior Year Continuing Into Q1-16

- 1** Non-Performing Loan (“NPL”) portfolio acquisitions of £71m, up 79% versus Q1-15. Continued diversification evident with 34% of acquisitions from Forward Flow agreements
- 2** 120 month gross ERC of £1.45bn, an increase of 32% from Mar-15 (up £349m) and 7% higher versus the 2015 year-end position
- 3** Group Cash EBITDA* of £59m for the three months to Mar-16 – an increase of 13% versus Q1-15
- 4** In excess of £140m of portfolio acquisitions already closed and contractually committed for 2016
- 5** Performance of Lowell Solicitors Limited continues to exceed initial expectations – over 34% of previously non-paying accounts selected for CCJ litigation have made a payment in the first 180 days

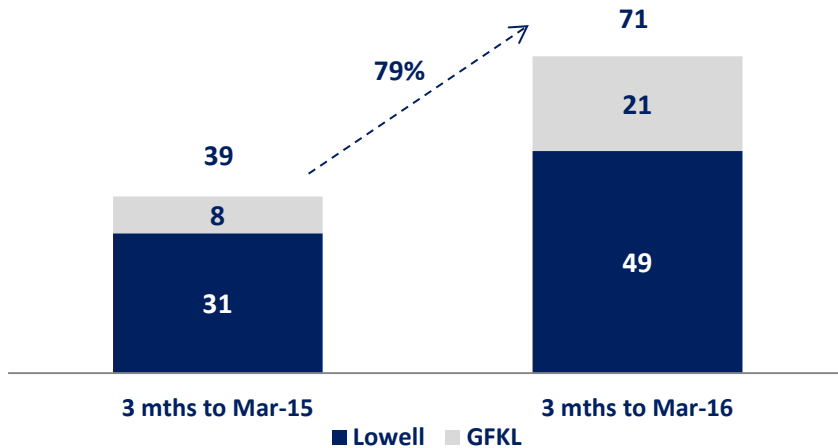
* Cash EBITDA as quoted is defined as Garfunkelux Holdco 2 S.A.’s operating profit plus exceptional items, depreciation and amortization, acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A.

Q1 Highlights – NPL Portfolio Acquisitions & ERC

Continued Strong Growth Evident



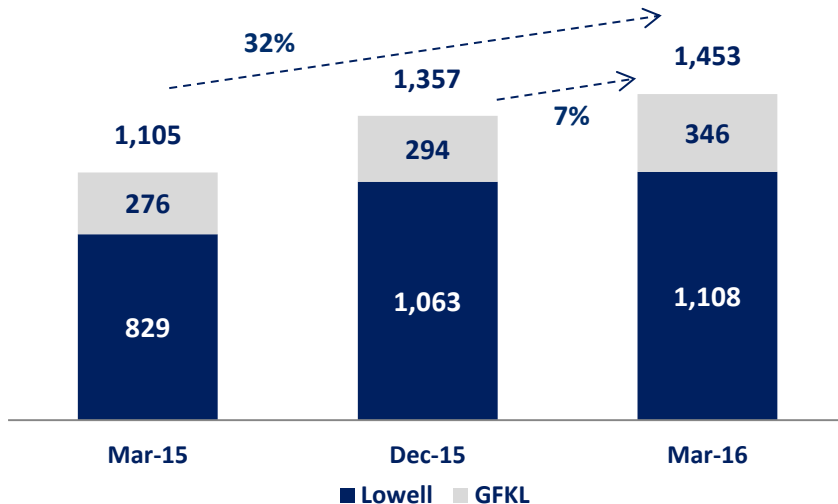
NPL Portfolio Acquisition (£m)



Insight

- NPL portfolio acquisitions up 79% year-on-year to £71m
- Continued diversification evident with 34% of acquisitions through Forward Flow agreements
- Acquisitions continue across sectors – Financial Services accounting for 61% of purchases, Communications 23% and Retail 14%
- Growth in NPL acquisitions uplifting ERC – 120 month gross ERC of £1.45bn up 7% from the 2015 year-end position & 32% since Mar-15

120 month ERC Development (£m)

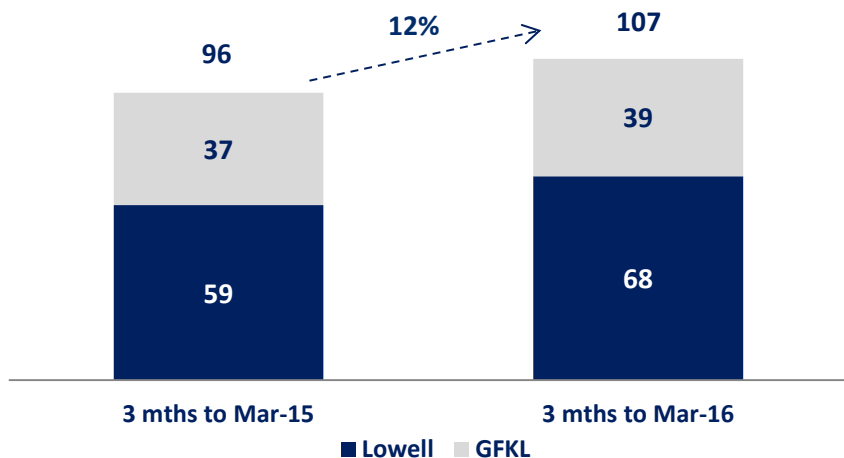


Q1 Highlights – Income Metrics

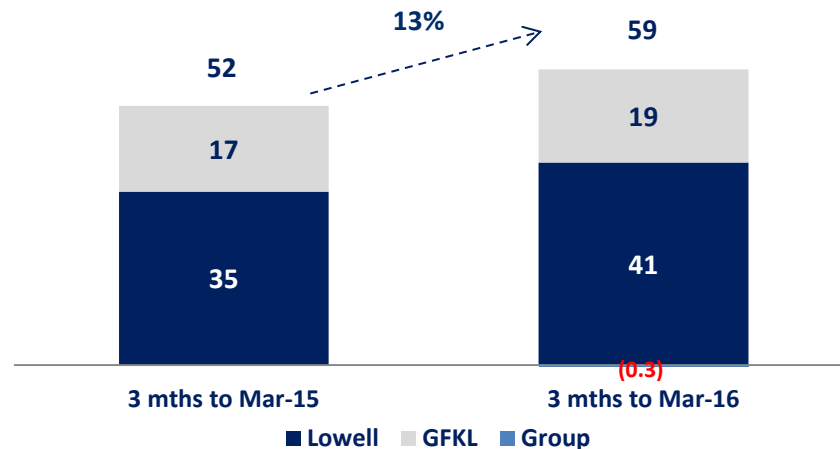
Sustained EBITDA Growth



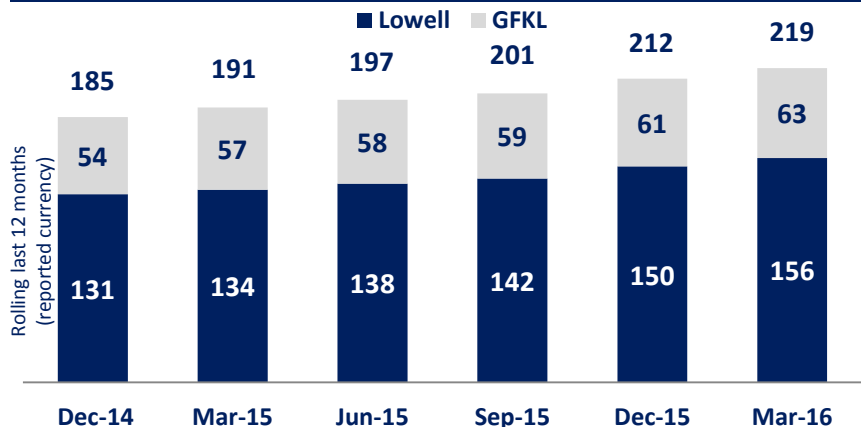
Cash Income (£m)*



Cash EBITDA (£m)**



Cash EBITDA Evolution (£m)**



Insight

- 13% increase in Cash EBITDA for the 3 months to Mar-16 driven by growth in Cash Income on higher gross NPL cash collections
- Group is well positioned to deliver sustained Cash EBITDA growth;
 - LTM to Mar-16 Cash EBITDA of £219m stands £34m (18%) higher versus the LTM to Dec-14

* Cash Income is defined as cash collections from owned assets plus cash commissions received from assets serviced.

** Cash EBITDA for the three months to Mar-15 and on a last 12 months basis is defined as both Lowell's and GFKL's Adjusted EBITDA, each as defined in the Offering Memorandum dated 14 October 2015. Cash EBITDA for the three months to Mar-16 is defined as Garfunkelux Holdco 2 S.A.'s operating profit plus exceptional items, depreciation and amortization, acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A.

Q1 Highlights – Net Debt

Prudent Balance Sheet Management



Group Key Leverage Metrics (£m)

Bond Principal

€365m Senior Secured Notes 7.5%	289
£565m Senior Secured Notes 8.5%	565
£230m Senior Notes 11%	230

RCF Drawings

EUR Drawn RCF	3
GBP Drawn RCF	20

Cash

Cash in Garfunkelux Holdco 2 S.A.	(79)
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Senior Secured Net Debt as at 31-Mar-2016	798
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Net Debt as at 31-Mar-2016	1,028
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Lowell 120 month Gross ERC	1,108
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GFKL 180 month Gross ERC	402
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Group Gross ERC as at 31-Mar-2016	1,509
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Net Debt / Gross ERC	68.1%
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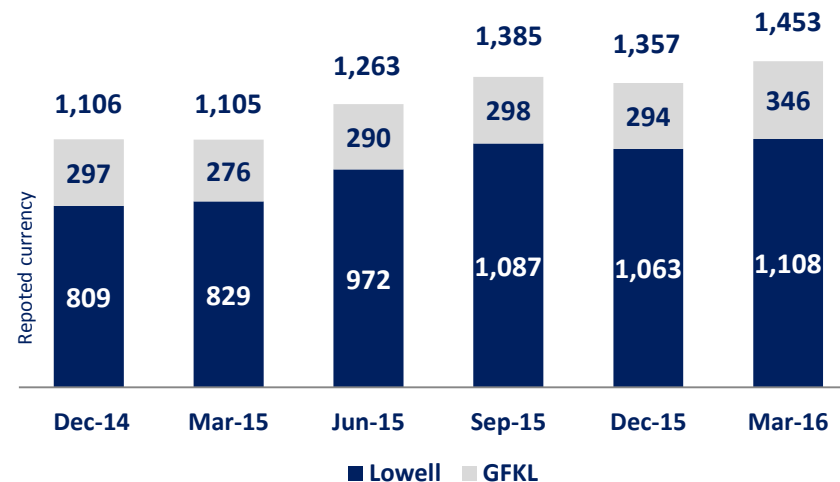
Lowell + GFKL LTM Cash EBITDA*	219
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Senior Secured Net Debt / LTM Cash EBITDA*	3.6x
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Net Debt / LTM Cash EBITDA*	4.7x
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* Cash EBITDA is defined as both Lowell's and GFKL's Adjusted EBITDA, each as defined in the Offering Memorandum dated 14 October 2015.

120 month ERC Evolution (£m)



Insight

- Group retains significant firepower to support future growth activities;
 - As at Mar-16, £201m of available funding (£79m Cash & RCF available to draw £122m)
- Since Dec-14, 120 month gross ERC has grown by nearly a third to £1.45bn (up £348m / 31%)



I. Q1 Highlights

II. 2016 Outlook



- Continue the strong progress made to date on the integration and cross-sharing of best practices
- Focus on value creation remains paramount;
 - Sharing best practice to increase our competitiveness
 - Building a strong platform for future Pan-European expansion
 - Maintaining a disciplined approach to pricing and investment
- Clear structural drivers for market growth exist in both Germany and the UK;
 - Consumer credit continues to grow in both markets
 - Signs that the banks are likely to increase volume of NPL sales
- Continuing to extend our value proposition to our clients by developing our one stop shop offering in all countries we operate within
- Acquisition of IS Group Management GmbH expected to close by the end of May subject to anti-trust approvals
- Overall outlook remains positive



Appendix

Group Operating Profit

Year-On-Year Comparative



Continuing operations, £m	Lowell + GFKL 3 months to 31 March 2015*	Garfunkelux Holdco 2 S.A. 3 months to 31 March 2016*	Variance	V%
Revenue				
Income from portfolio investments	40	46	6	14%
Portfolio write up	4	11	7	167%
Portfolio fair value release	(1)	(1)	0	8%
Service income	36	35	(0)	(1)%
Other revenue	1	1	0	27%
Total revenue	80	92	12	15%
Other income	1	1	(0)	(3)%
Operating expenses				
Collection activity costs	(37)	(41)	(5)	(12)%
Other expenses	(28)	(32)	(4)	(15)%
Total operating expenses	(65)	(73)	(9)	(13)%
Operating profit	16	20	4	22%

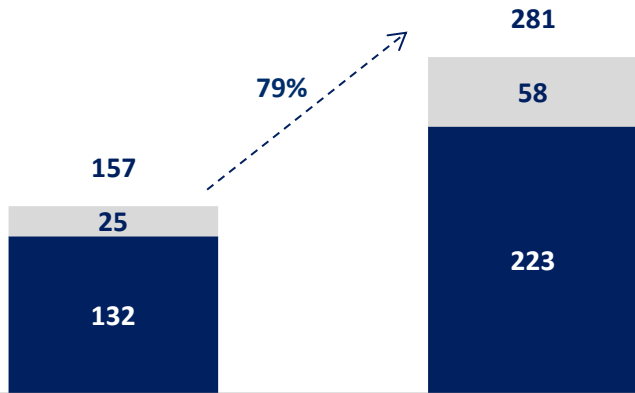
* Garfunkelux Holdco 2 S.A. Q1-16 Operating profit versus Lowell & GFKL Q1-15 pro-forma Operating profit

LTM Highlights

Strong YoY Growth Evident Across All Metrics



NPL Portfolio Acquisition (£m)

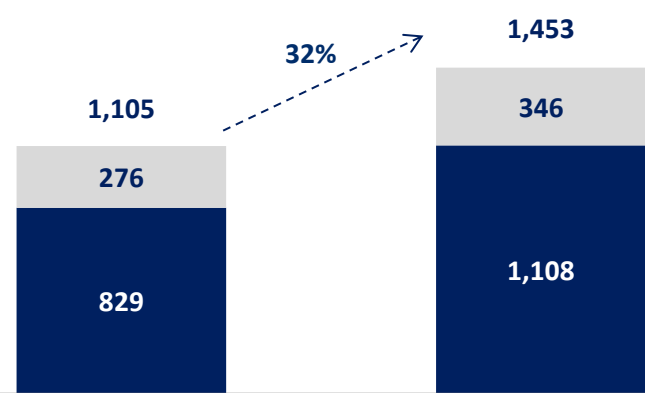


LTM Mar-15

LTM Mar-16

■ Lowell ■ GFKL

120 month ERC Development (£m)

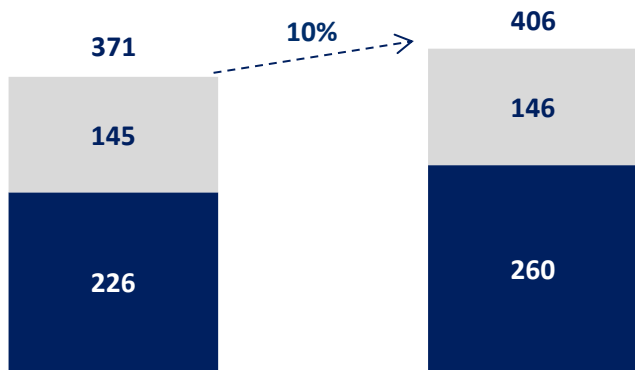


Mar-15

Dec-15

■ Lowell ■ GFKL

Cash Income (£m)*

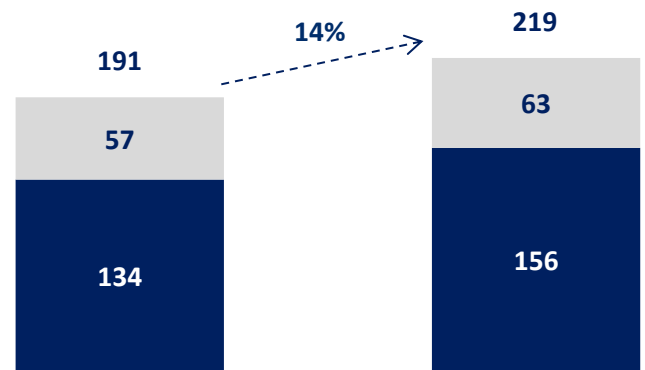


LTM Mar-15

LTM Mar-16

■ Lowell ■ GFKL

Cash EBITDA (£m)**



LTM Mar-15

LTM Mar-16

■ Lowell ■ GFKL

* Cash Income is defined as cash collections from owned assets plus cash commissions received from assets serviced.

** Cash EBITDA is defined as both Lowell's and GFKL's Adjusted EBITDA, each as defined in the Offering Memorandum dated 14 October 2015.

Balance Sheet Highlights

ERC By Year Of Purchase



€m / Month	0-12	1-24	25-36	37-48	49-60	61-72	73-84	85-96	97-108	109-120	121-180	0-120	0-180
2003	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
2004	1.2	1.1	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.7	2.8	8.9	11.6
2005	1.0	0.9	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.3	1.2	5.8	7.0
2006	3.3	2.8	2.5	2.1	1.9	1.8	1.6	1.5	1.4	1.3	5.0	20.2	25.2
2007	11.9	10.4	9.0	7.9	7.0	6.3	5.6	5.1	4.6	4.2	15.7	71.9	87.7
2008	4.7	3.7	2.9	2.3	1.9	1.7	1.5	1.3	1.2	1.0	3.5	22.3	25.8
2009	20.2	17.1	14.5	12.4	10.8	9.6	8.5	7.6	6.8	6.0	21.9	113.4	135.3
2010	10.6	8.4	6.6	5.2	4.3	3.6	3.1	2.7	2.3	2.0	6.8	48.9	55.7
2011	15.4	11.9	9.3	7.3	6.0	5.2	4.5	3.9	3.4	3.0	10.5	70.0	80.5
2012	27.9	21.8	17.1	13.5	11.2	9.8	8.7	7.7	6.8	6.0	21.0	130.4	151.4
2013	38.1	29.9	23.9	19.0	15.8	13.7	11.9	10.4	9.1	7.9	27.4	179.6	207.0
2014	63.9	46.6	35.8	27.9	22.9	19.6	17.1	14.9	13.0	11.3	39.1	273.0	312.0
2015	98.6	67.4	50.4	39.6	32.1	26.7	22.5	18.9	16.1	13.7	46.1	386.0	432.1
2016	27.5	20.9	15.5	12.6	10.5	8.9	7.7	7.0	6.3	5.8	20.4	122.6	143.1
Total	324.5	242.9	189.3	151.4	125.9	108.1	94.0	82.1	72.0	63.3	221.3	1,453.5	1,674.8
% cum.	22.3%	39.0%	52.1%	62.5%	71.1%	78.6%	85.0%	90.7%	95.6%	100%	-	100%	-

Garfunkelux Holdco 2 S.A.

Reconciling The Q1 Interim Numbers To This Presentation



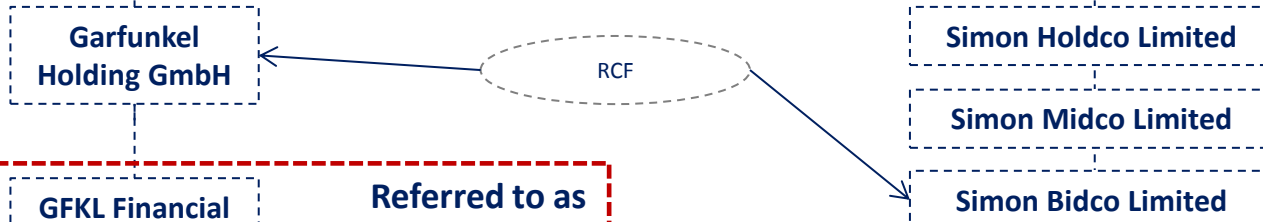
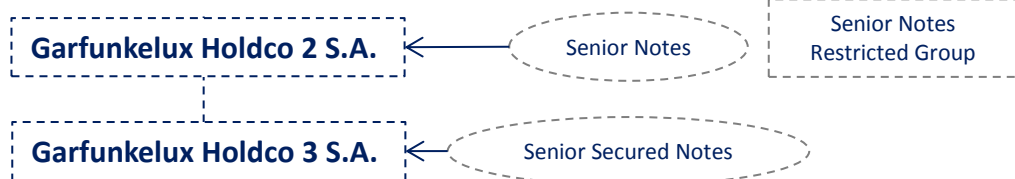
	£m
Garfunkelux Holdco 2 S.A. Cash EBITDA for the 3 months to Mar-16	59
<i>Reconciliation adjustments to derive Operating Profit;</i>	
Conversion from Cash Income to L&R Revenue	(36)
Add Depreciation & Amortization	(3)
Add-back Exceptionals	(1)
Garfunkelux Holdco 2 S.A. Operating profit for the 3 months to Mar-16	20
Interest income	2
Finance costs	(51)
Other financial expenses	-
Garfunkelux Holdco 2 S.A. Loss before tax for the 3 months to Mar-16	(30)
Tax	(2)
Garfunkelux Holdco 2 S.A. Loss for the 3 months to Mar-16	(31)

Disclosure Note: There exists no material differences if we were to consolidate the accounts at the Garfunkelux Holdco 3 S.A. level versus the consolidated accounts of Garfunkelux Holdco 2 S.A.

Group Structure



Referred to as GH2 in this presentation



Referred to as GFKL in this presentation

GFKL Financial Services GmbH

- 100% unless stated:
- debifact F GmbH & Co. KG
- debifact Verwaltungs GmbH
- Zyklop Deutschland GmbH
- GFKL Payprotect GmbH
- Proceed Portfolio Services GmbH*
- GFKL Collections GmbH
- Deutsche Multiauskunfteli GmbH
- GFKL Service Center GmbH
- Proceed Collection Services GmbH
- Sirius Inkasso GmbH
- Inkasso Becker
- Wuppertal GmbH & Co. KG
- IBW Verwaltungs-und Beteiligungs GmbH
- intratech GmbH (51%)

Referred to as Lowell in this presentation

Metis Bidco Limited

- 100% unless stated:
- Lowell Finance Holdings Limited
- Lowell Group Financing Plc
- Lowell Group Limited
- Lowell Funding Limited
- Lowell Acquisitions Limited
- Lowell Holdings Limited
- Lowell Finance Limited
- Interlaken Group Limited
- Lowell Solicitors Limited
- Lowell Portfolio IV Holdings Limited
- Lowell Portfolio III Holdings Limited
- SRJ Debt Recoveries Limited
- Frederickson International Limited
- Lowell Portfolio IV Limited
- Lowell Portfolio III Limited
- Lowell Financial Limited
- Lowell Portfolio I Limited
- Tocatto Limited

* Sold as at 31.01.2016



Revolving Credit facility (RCF)

Currency	Committed Amount	Security	Maturity	Interest	Margin	Participants
EUR m	200	Super Senior Secured	31-Dec-21	LIBOR / EURIBOR	3.50%	Citibank, Credit Suisse, Goldman Sachs, ING Bank, JPMorgan, NIBC, HSBC

Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
EUR m	365	Senior Secured Notes	01-Aug-22	7.50%	GH3
GBP m	565	Senior Secured Notes	01-Nov-22	8.50%	GH3
GBP m	230	Senior Notes	01-Nov-23	11.00%	GH2



Definitions:

Acquisitions – Purchases of Non-Performing Loans (“NPLs”)

Cash EBITDA – Garfunkelux Holdco 2 S.A. – Defined as operating profit plus exceptional items, depreciation and amortization, acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A.

Cash EBITDA – GFKL – Defined as normalised EBITDA plus portfolio amortization plus NPL revaluations (each as defined in the Offering Memorandum dated 14 October 2015)

Cash EBITDA – Lowell – Defined as operating profit, plus depreciation and amortization, FV movement in NPLs, exceptional items/income and portfolio amortization (each as defined in the Offering Memorandum dated 14 October 2015)

Cash Income – Cash collections from owned assets plus cash commissions received from assets serviced

ERC – Estimated Remaining Collections over 84, 120 or 180 months

Senior Secured Net Debt – Senior Secured Notes Bond principal plus RCF drawn amounts less Cash

Net Debt – Senior Secured Notes Bond principal plus Senior Notes Bond principal plus RCF drawn amounts less Cash

Abbreviations:

3PC – Third Party Collections

EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation

FTE – Full-time equivalent employees

LTM – Last Twelve Months

