

Garfunkelux Holdco 2 S.A.

2016 Q2 Trading Update

Period Ending June 30th, 2016

August 11th, 2016





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James Cornell

Group CEO

- Co-founder and CEO of Lowell since 2004
- Longest serving CEO in the industry
- Previous roles: Head of Risk at Caudwell Group; Commercial Director of the B2B Division at Equifax Plc



Colin Storrar

Group CFO

- Joined Lowell in early 2013
- 15 years of Financial Services senior management
- Previous roles: CFO at HSBC First Direct; Head of HSBC Contact Centres; Financial Controller at GE Capital Bank



- This presentation captures the Q2 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. was only in existence for one month as at 30th June 2015. Thus, the comparisons stated (being either the three months to June 2016 versus the three months to June 2015 or the position as at June 2016 versus the position as at June 2015) are based on:
 - 1) The trading results of Garfunkelux Holdco 2 S.A. for the three months to June 2016 or as at June 2016
 - 2) The combined trading results of Metis Bidco Limited (“Lowell”) and GFKL Financial Services GmbH (“GFKL”) for the three months to June 2015 or as at June 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.



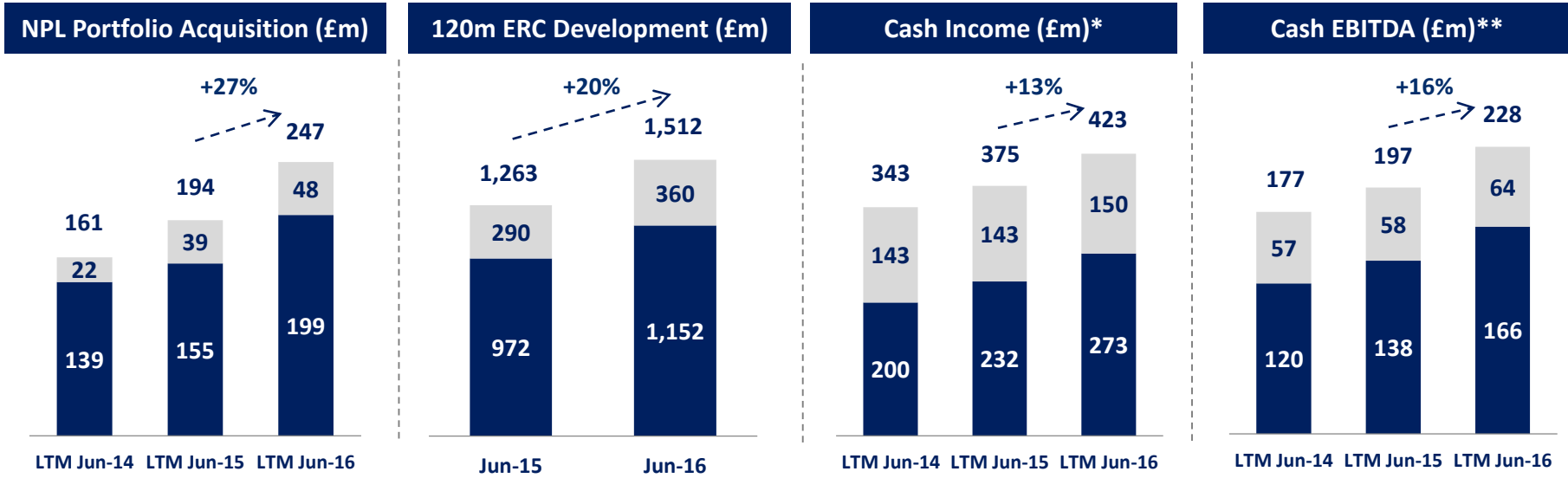
I. H1 Review

II. Q2 Highlights

III. 2016 Outlook

H1 Review

The Year To Date In Numbers And Highlights



H1 Highlights

Integration progressing well with GFKL Lowell increasingly operating as 'one company'

NPL purchase and commitment success evident within a disciplined pricing framework

Record quantum of forward flow commitments secured; over £320m of signed purchase commitments over next 5 years gives unprecedented visibility and certainty of purchases and earnings

Acquisition of Inkasso Services successfully executed – diversifies GFKL Lowell geographical footprint and fulfils ambition of market leadership in all participating geographies

3PC placement success evident in both UK and Germany with new clients in the UK on boarded and German assets under management of around £8bn

3PC continues to account for c.20% of Group Revenue representing capital-light product diversification from Debt Purchase

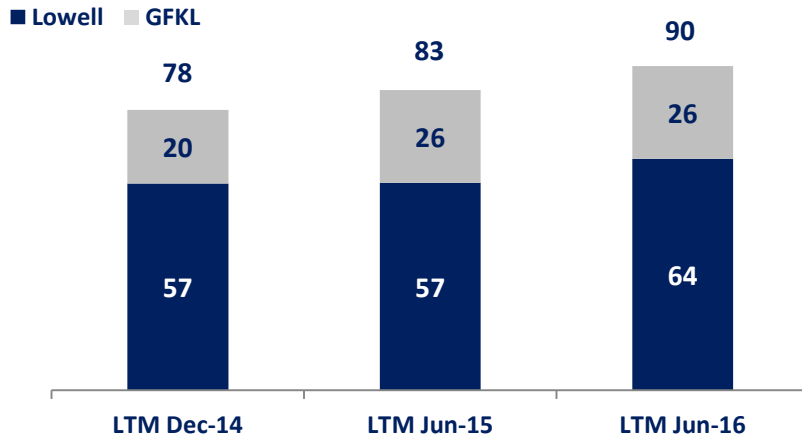
* Cash Income is defined as cash collections from owned assets plus cash commissions received from assets serviced.

** LTM Jun-14 & LTM Jun-15 Cash EBITDA is defined as both Lowell's and GFKL's Adjusted EBITDA, each as defined in the Offering Memorandum dated 14 October 2015. LTM Jun-16 Cash EBITDA is defined as Garfunkelux Holdco 2 S.A.'s operating profit excluding exceptional items, depreciation and amortization, and adjusted for acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A.

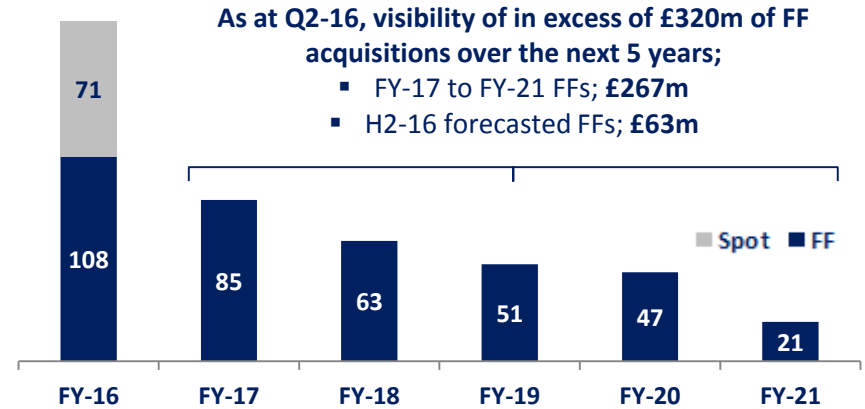


The Importance of Forward Flow To Purchase Visibility; The Comfort of Accurate Pricing

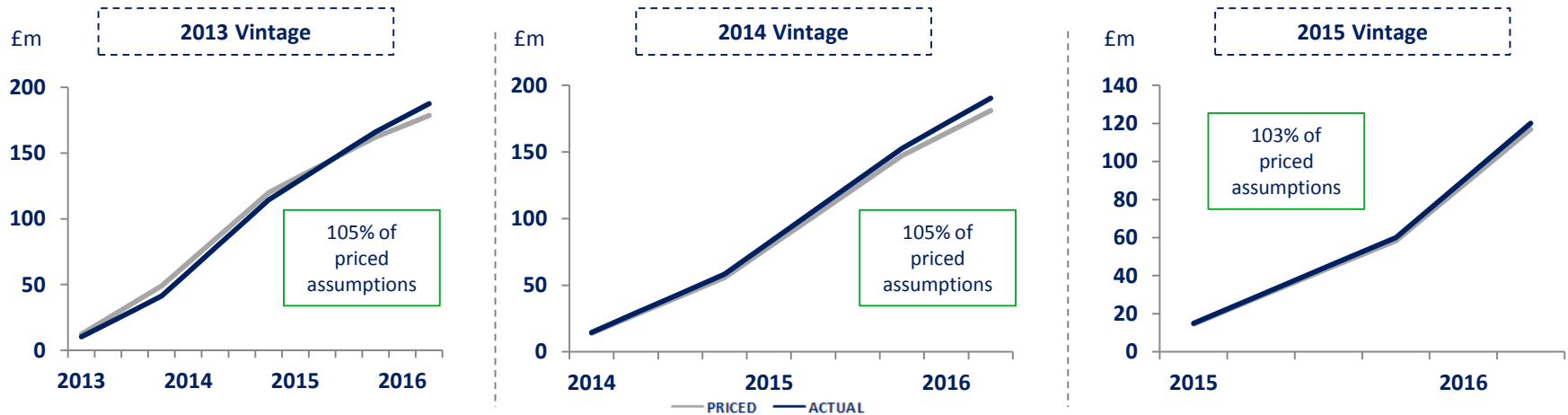
Greater Quantum Of Forward Flow Purchases (£m)



Committed Spend & Signed Forward Flow Visibility (£m)



Pricing Performance



Growing purchases, developing pipeline and fully delivering against our attractively priced returns



Perceived Market Risk

Group Strengths & Mitigants

Macro Economy

Diminishing ability for customers to pay?

Brexit may lead to a down-turn in the UK economy

- Payment plans represent only a proportion of disposable income creating a natural cushion
- Track record though the 2008-10 crisis demonstrates our ability to perform well in difficult periods
- NB: Any UK downturn could be a stimulus to both purchase and 3PC flows

FX risk

Adverse currency movements?

Brexit may give rise to currency market volatility

- The Group has a natural hedge as we have bonds in both EUR and GBP and our RCF is available to draw in either EUR and GBP amounts
- The Group has EUR assets of €778m and EUR liabilities of €837m (as at Jun-16)

Regulatory

Tightening compliance and new focus areas?

Brexit may drive a material change in the regulatory landscape

- The Group is regulated by mature regulators across both markets
- The FCA adopts a principles based approach to regulation – these principles are unlikely to change with Brexit

Market Access

Introduction of protectionism?

Brexit could stifle access to European markets

- GFKL Lowell does not trade cross borders; it is neither an importer nor an exporter of goods or services within the EU



I. H1 Review

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Positive Start To 2016 Continuing Into The Second Quarter

- 1** Non-Performing Loan (“NPL”) portfolio acquisitions of £247m in the last 12 months to Jun-16, up 27% versus the last 12 months to Jun-15
- 2** 120 month gross ERC of £1.5bn, an increase of 20% from Jun-15 (up £249m) and 11% higher versus Q4-15
- 3** Group Cash EBITDA* of £60m for the three months to Jun-16 – an increase of 19% versus Q2-15
- 4** In excess of £175m of portfolio acquisitions already closed and contractually committed for 2016
- 5** NPL acquisition forward visibility beyond 2016 substantially increased following closure of a number of significant new forward flow deals in Q2-16

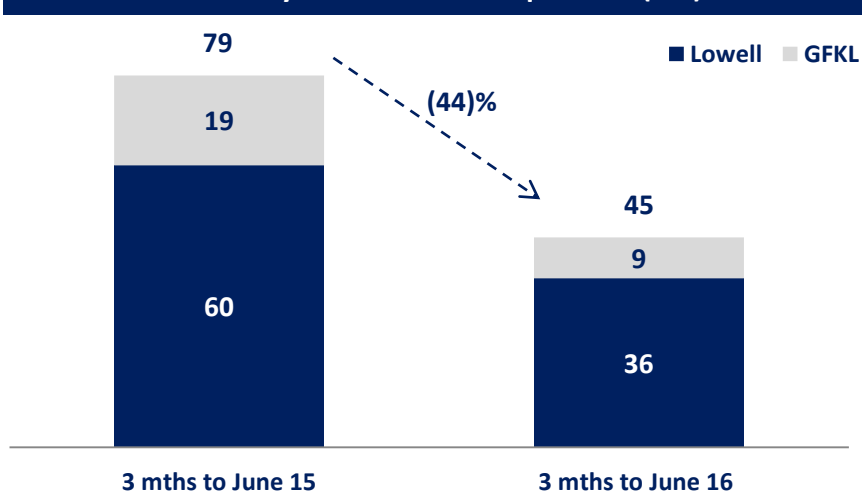
* Cash EBITDA as quoted is defined as Garfunkelux Holdco 2 S.A.’s operating profit excluding exceptional items, depreciation and amortization, and adjusted for acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux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

Q2 Highlights – NPL Portfolio Acquisitions

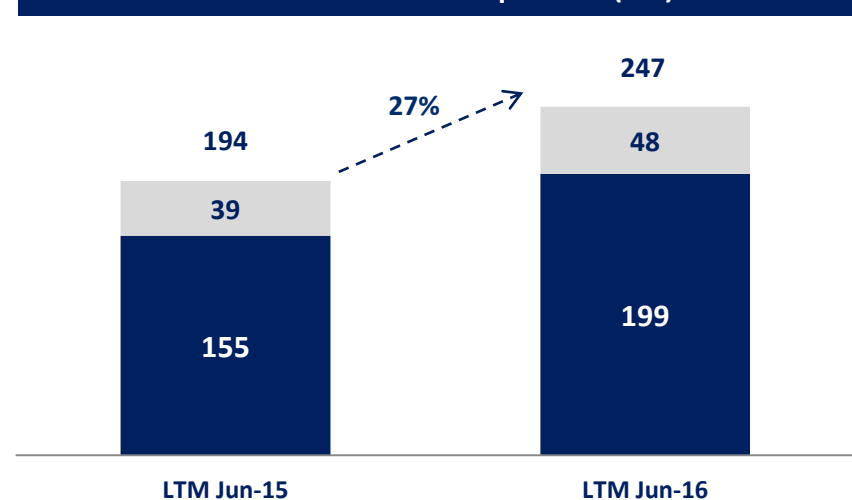
LTM Acquisitions Of £0.25bn



Quarterly NPL Portfolio Acquisition (£m)



LTM NPL Portfolio Acquisition (£m)



Insight

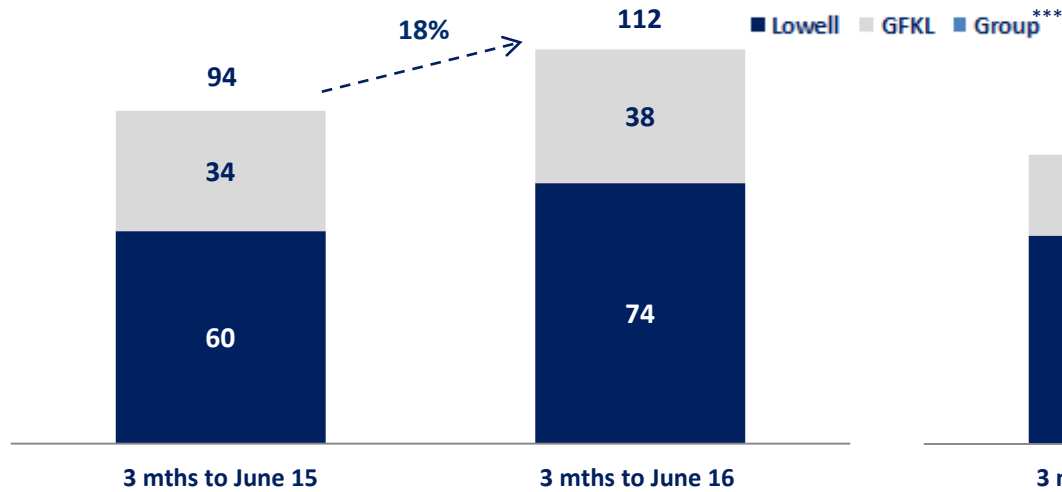
- On a LTM basis, NPL acquisitions up 27%
- On a quarter to quarter basis, NPL acquisitions down 44% year-on-year to £45m in Q2-16
 - Q2 prior year saw material spend in non-recurring spot deals – c.£24m of strategic spot deals secured with one client in the UK, together with a value enhancing opportunity to ‘flip’ a 3PC relationship to DP in Germany
 - Demonstrates the frailty of quarter-on-quarter purchases comparisons
- NPL acquisitions underpinned by continued diversification with no reliance on one single sector – Financial Services accounting for 61% of purchases, Retail 24% and Communications 10%

Q2 Highlights – Income Metrics

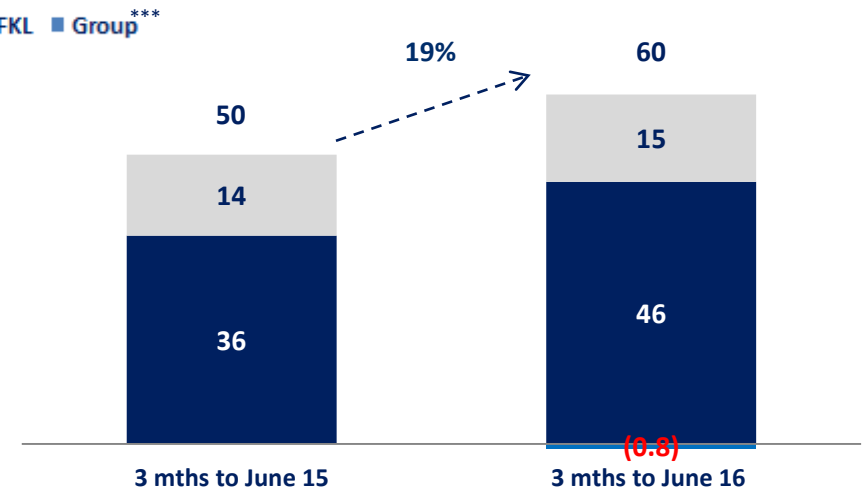
Sustained EBITDA Growth



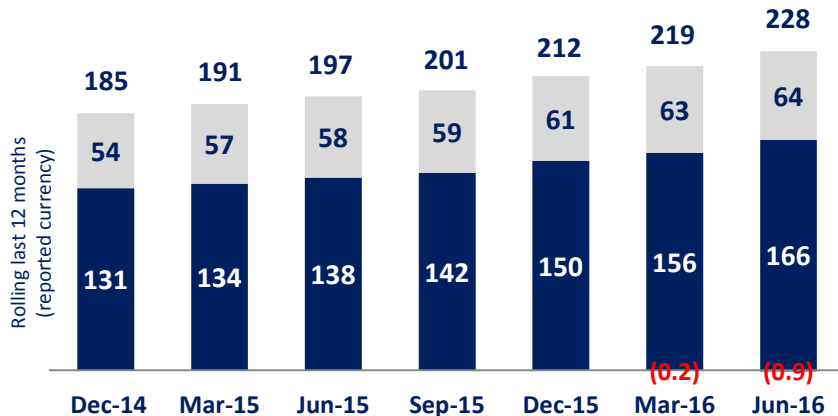
Cash Income (£m)*



Cash EBITDA (£m)**



LTM Cash EBITDA Evolution (£m)**



Insight

- 19% increase in Cash EBITDA for the 3 months to Jun-16 as compared to prior year driven by growing NPL cash collections
- Group continues to deliver sustained Cash EBITDA growth;
 - LTM to Jun-16 Cash EBITDA of £228m stands £32m (16%) higher versus the LTM to Jun-15

* Cash Income is defined as cash collections from owned assets plus cash commissions received from assets serviced. ** Cash EBITDA for the three months to Jun-15 and on a last 12 months basis to Dec-15 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 Jun-16 and on a last 12 months basis post Dec-15 is defined as Garfunkelux Holdco 2 S.A.'s operating profit excluding exceptional items, depreciation and amortization, and adjusted for acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A. *** Group represents Head Office costs not recharged to either GFKL or Lowell

Q2 Highlights – Net Debt

Stable Leverage, Significant ERC Growth



Group Key Leverage Metrics (£m)

Bond Principal

€365m Senior Secured Notes 7.5%	301
£565m Senior Secured Notes 8.5%	565
£230m Senior Notes 11%	230

RCF Drawings

EUR Drawn RCF	21
GBP Drawn RCF	28

Cash

Cash in Garfunkelux Holdco 2 S.A.	(61)
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Senior Secured Net Debt as at 30-Jun-2016	854
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Net Debt as at 30-Jun-2016	1,084
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Lowell 120 month Gross ERC	1,152
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GFKL 180 month Gross ERC	417
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Group Gross ERC as at 30-Jun-2016	1,569
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Net Debt / Gross ERC	69.1%
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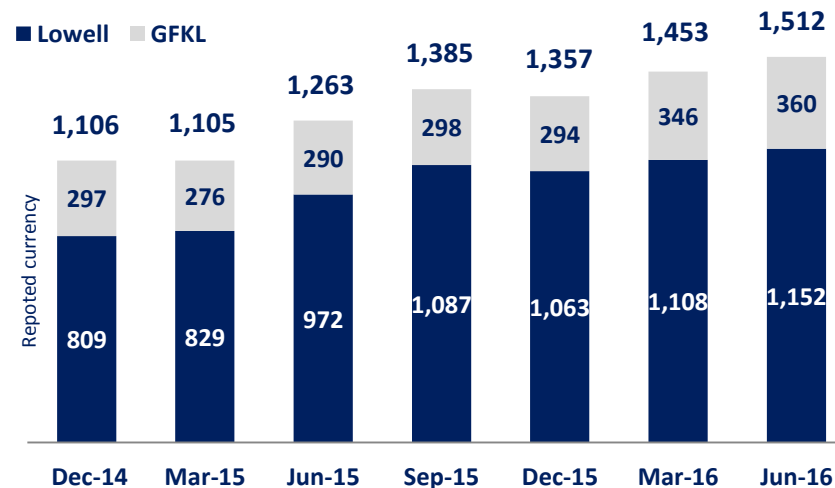
LTM Cash EBITDA*	228
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Senior Secured Net Debt / LTM Cash EBITDA*	3.7x
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Net Debt / LTM Cash EBITDA*	4.7x
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* Cash EBITDA is defined as Garfunkelux Holdco 2 S.A.'s operating profit excluding exceptional items, depreciation and amortization, and adjusted for acquired debt portfolio write ups and amortization amounts as reflected in the unaudited consolidated statement of financial position for Garfunkelux Holdco 2 S.A.

120 month ERC Evolution (£m)



Insight

- 120 month ERC up 20% on prior year, now over £1.5bn at Jun-16 (11% growth on Dec-15)
- Group retains significant firepower to support future growth activities;
 - As at Jun-16, £163m of funding available (£61m Cash & £102m RCF)
- Leverage both stable and manageable



I. Q2 Highlights

II. H1 In Review

III. 2016 Outlook



- Integration of Lowell, GFKL and Inkasso Services continues to make good progress
- 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
- Overall outlook remains positive, with on-going opportunities to deploy capital in accretive investments



Appendix

Group Operating Profit

Year-On-Year Comparative



Continuing operations, £m	Lowell + GFKL 3 months to 30 June 2015*	Garfunkelux Holdco 2 S.A. 3 months to 30 June 2016*	Variance	V%
Revenue				
Income from portfolio investments	41	47	6	16%
Portfolio write up	15	27	12	76%
Portfolio fair value release	(1)	(1)	0	8%
Service income	34	36	3	8%
Other revenue	1	1	0	20%
Total revenue	90	110	21	23%
Other income	1	1	0	7%
Operating expenses				
Collection activity costs	(37)	(43)	(5)	(15)%
Other expenses	(28)	(38)	(11)	(40)%
Total operating expenses	(65)	(81)	(16)	(25)%
Operating profit	26	31	5	17%

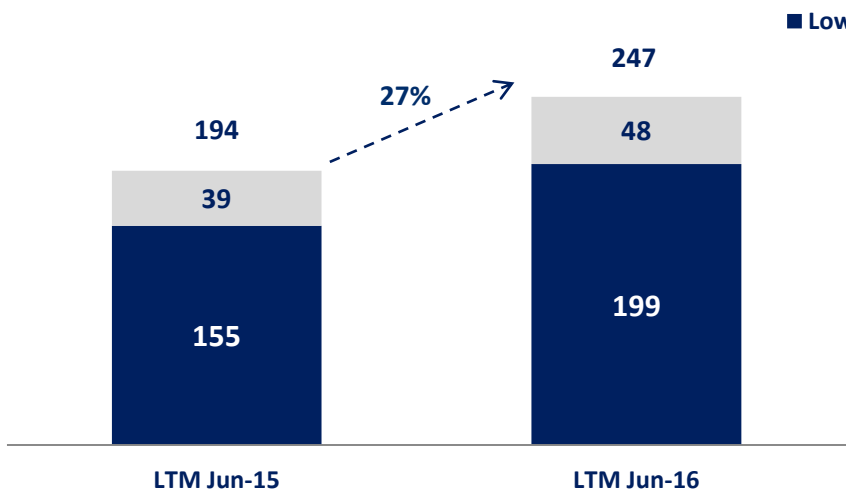
* Garfunkelux Holdco 2 S.A. Q2-16 Operating profit versus Lowell & GFKL Q2-15 pro-forma Operating profit

LTM Highlights

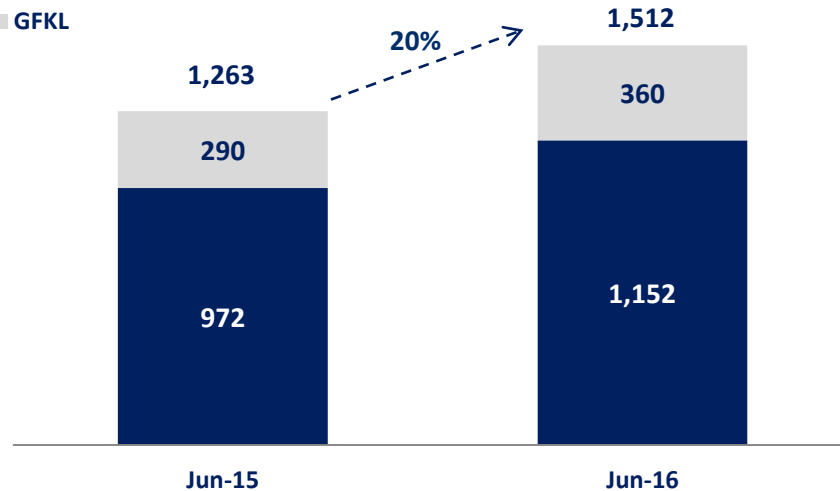
Strong YoY Growth Continues Across All Metrics



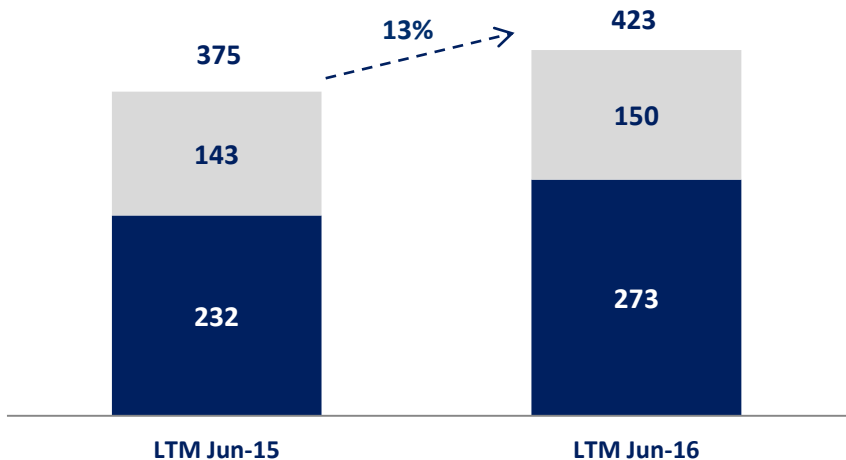
NPL Portfolio Acquisition (£m)



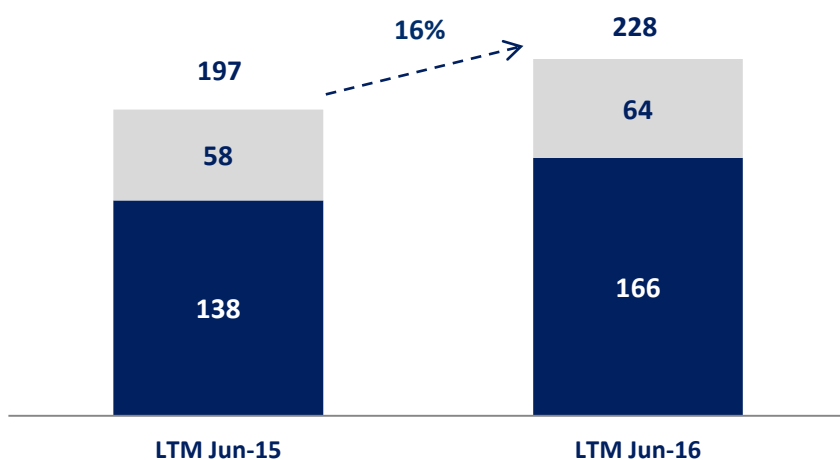
120 month ERC Development (£m)



Cash Income (£m)*



Cash EBITDA (£m)**



* 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	13-24	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
2004	1.1	1.1	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.7	2.9	8.7	11.6
2005	0.9	0.8	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.9	4.9	5.8
2006	3.1	2.8	2.4	2.1	1.8	1.7	1.5	1.4	1.3	1.2	4.8	19.2	24.0
2007	11.1	10.5	9.2	8.2	7.3	6.6	6.0	5.4	5.0	4.5	17.5	73.8	91.3
2008	4.3	3.5	2.7	2.2	1.8	1.6	1.4	1.3	1.2	1.0	3.5	21.1	24.7
2009	18.5	16.5	13.9	11.8	10.2	9.0	7.9	7.0	6.2	5.5	19.6	106.5	126.1
2010	10.0	8.2	6.5	5.1	4.2	3.6	3.1	2.6	2.3	2.0	6.7	47.5	54.1
2011	14.6	11.5	9.0	7.1	5.9	5.1	4.5	3.9	3.4	3.0	10.6	68.0	78.6
2012	26.6	21.1	16.6	13.2	11.0	9.6	8.5	7.5	6.7	5.9	20.8	126.7	147.4
2013	36.5	29.4	23.6	18.9	15.8	13.7	12.0	10.5	9.2	8.0	27.8	177.7	205.4
2014	60.3	45.6	35.3	27.7	22.8	19.6	16.9	14.7	12.8	11.1	38.1	266.9	305.0
2015	96.0	68.3	51.9	41.3	34.1	29.2	25.2	21.7	18.8	16.0	54.0	402.5	456.5
2016	42.6	30.4	23.3	19.2	16.1	13.9	12.3	11.0	9.9	9.0	32.5	187.7	220.2
Total	325.8	249.6	196.2	158.3	132.5	114.8	100.4	88.2	77.7	68.2	239.6	1,511.6	1,751.2
% cum.	21.6%	38.1%	51.0%	61.5%	70.3%	77.9%	84.5%	90.4%	95.5%	100.0%	-	100%	-

Garfunkelux Holdco 2 S.A.

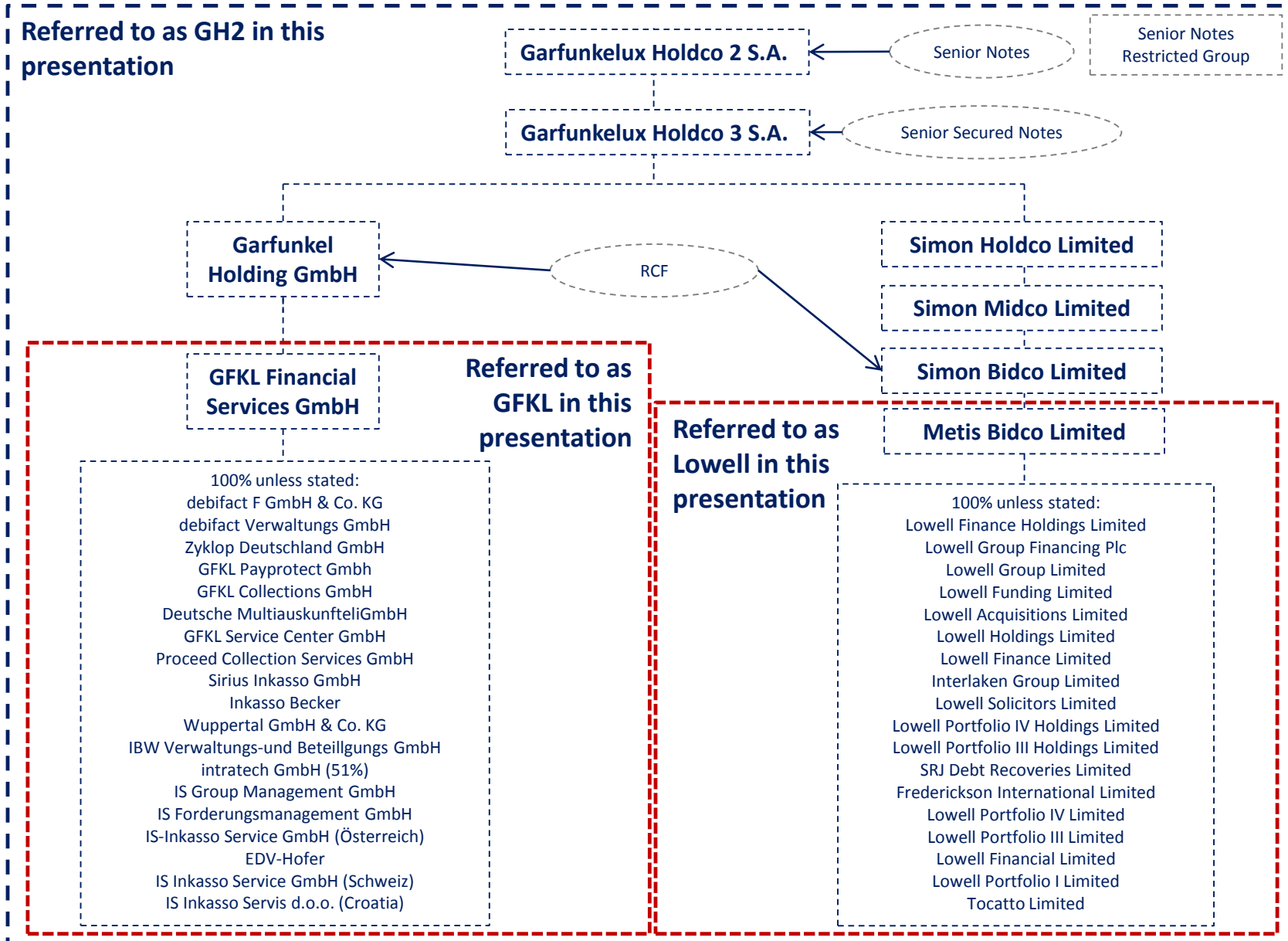
Reconciling The Q2 Interim Numbers To This Presentation



	£m
Garfunkelux Holdco 2 S.A. Cash EBITDA for the 3 months to Jun-16	60
<i>Reconciliation adjustments to derive Operating Profit;</i>	
Conversion from Cash Income to L&R Revenue	(23)
Add Depreciation & Amortization	(3)
Add-back Exceptionals	(1)
Other Non-cash items	(2)
Garfunkelux Holdco 2 S.A. Operating profit for the 3 months to Jun-16	31
Interest income	1
Finance costs	(32)
Foreign exchange (see note 2 of the interim financial statements)	15
Garfunkelux Holdco 2 S.A. Profit before tax for the 3 months to Jun-16	15
Tax	(2)
Garfunkelux Holdco 2 S.A. Profit for the 3 months to Jun-16	13

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





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 excluding exceptional items, depreciation and amortization, and adjusted for 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

