

Garfunkelux Holdco 2 S.A.

Q2-19 Interim Results

August 29th, 2019

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Agenda

1 | Executive Summary

2 | Financial Update

3 | Outlook

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1. Executive Summary

Executive Summary

Growing the Business in the Right Way

Financial Performance

- Positive financial performance across all regions; continuing to build momentum
- Excellent collections performance; 104% vs Dec-18 static pool
- Cash EBITDA margin increase with plans for further margin accretion being enacted

NPL Acquisitions

- £166m NPL acquisitions YTD
- YTD 2019 vintage net IRR of ~18%¹; GMM 2.0x²
- 2019 purchase guidance revised to ~£390m

Financing Update

- Leverage in line with expectations; de-leveraging in H2-19
- ~£323m available liquidity at Jun-19
- £33.5m Unsecured Notes purchased; funded from cash on balance sheet

¹ Blended Group IRR net of Collection Activity Costs. ² Group GMM as calculated in Appendix.

Executive Summary

£m	LTM Q2-18	LTM Q2-19	Var%
Cash Income	836	915	+10%
Cash EBITDA	408	461	+13%
Acquisitions	436	368	(16)%
120m ERC	2,909	3,296	+13%

104%
Collections vs Static Pool¹

19%
Contribution to Cash Income from 3PC

~18%
Net IRR on 2019 Vintage²

£323m
Available Liquidity³

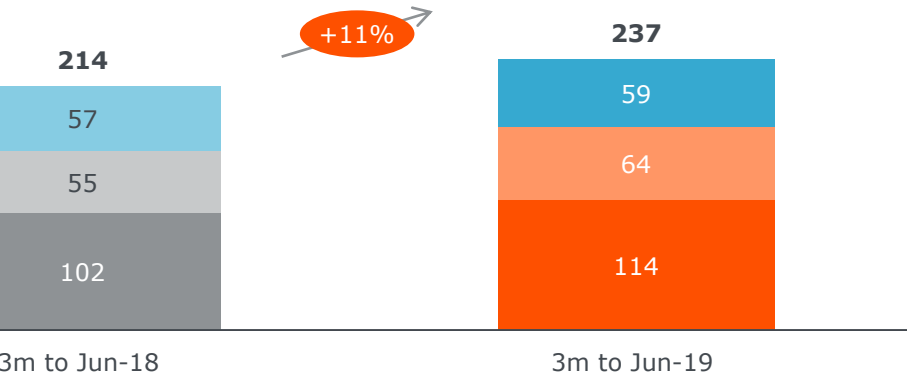
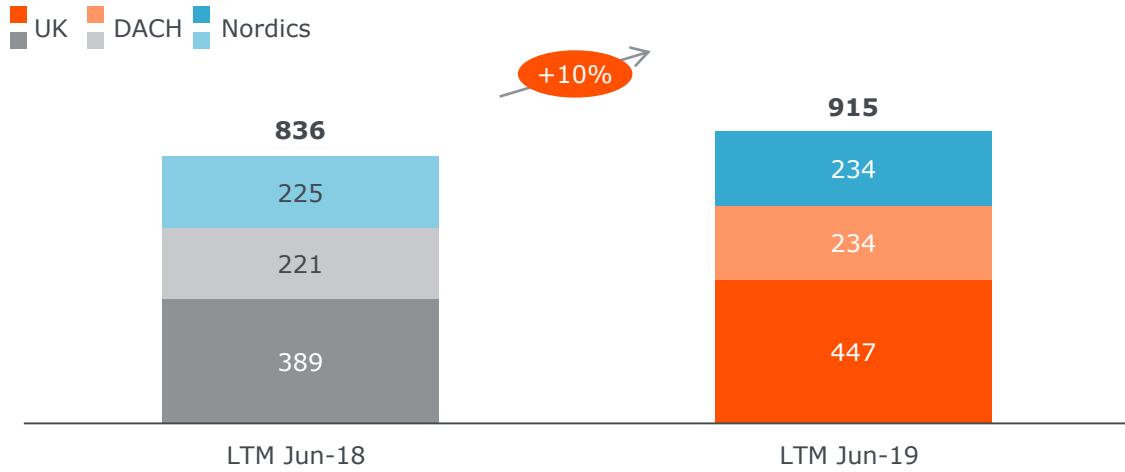
¹ Collection performance for the 6 months to Jun-19 vs Dec-18 static pool. ² Blended Group IRR net of Collection Activity Costs. ³ Calculated as Unrestricted cash on balance sheet plus amount available to draw on RCF as at Jun-19.

2. Financial Update

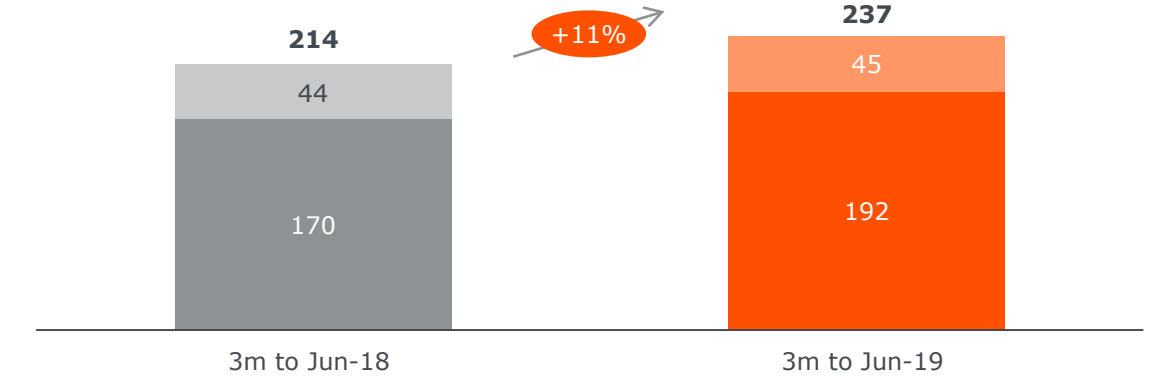
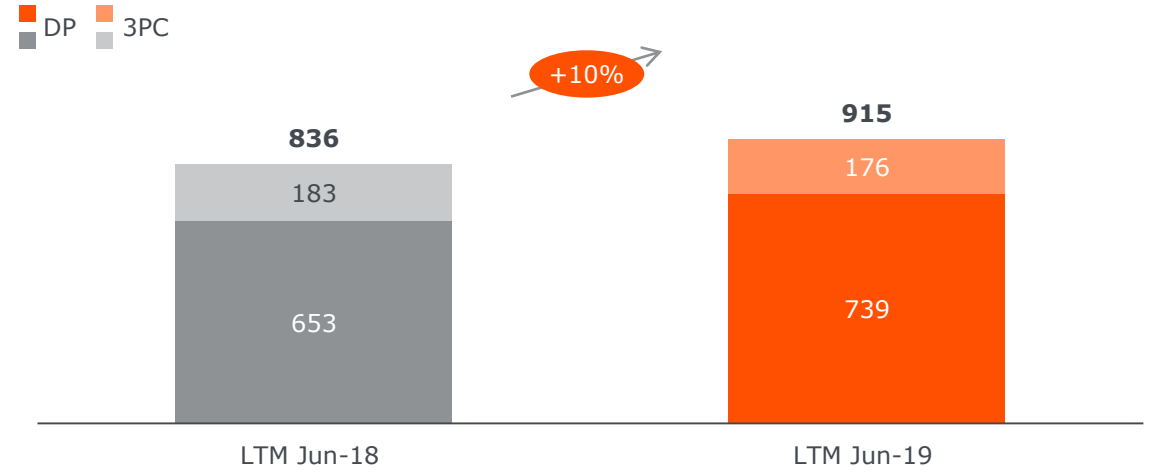
(Pro Forma basis)

Cash Income Growth

Pro Forma Cash Income by Geography (£m)

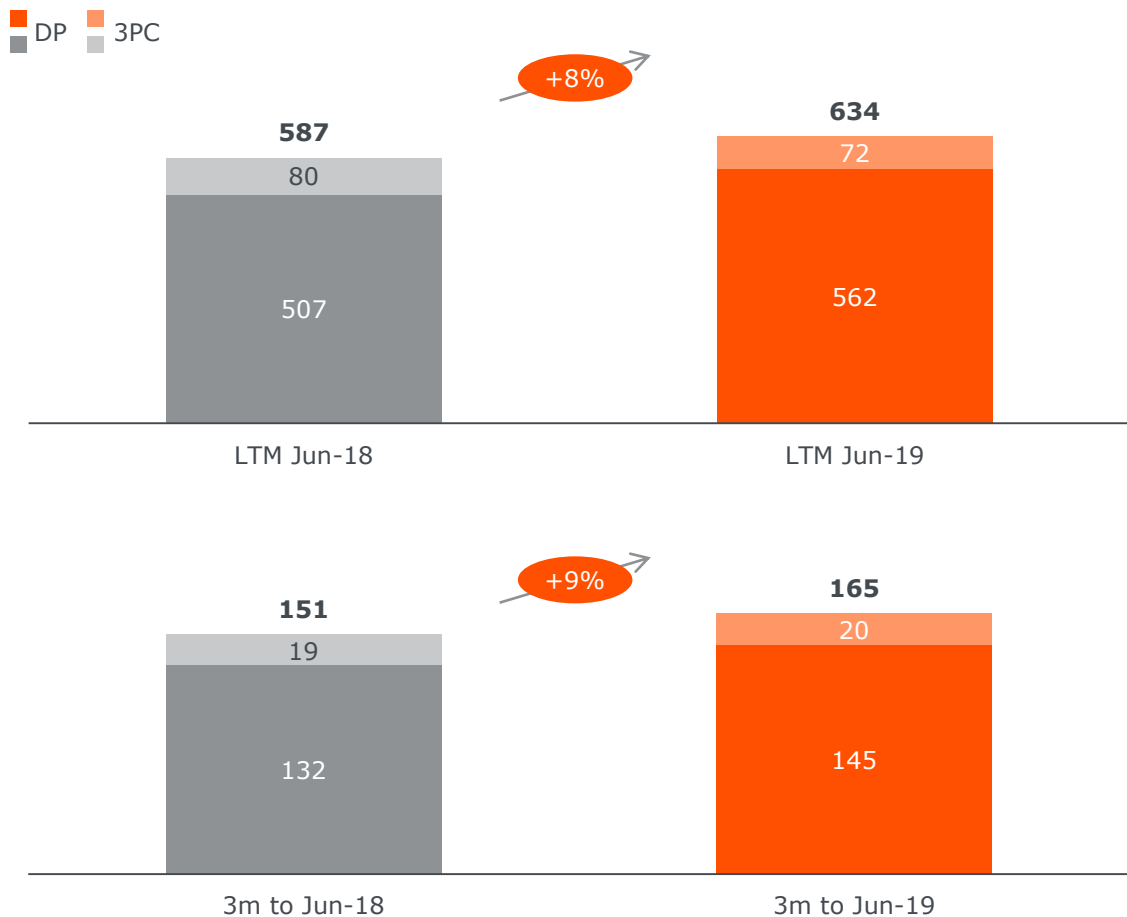


Pro Forma Cash Income by Service Line (£m)

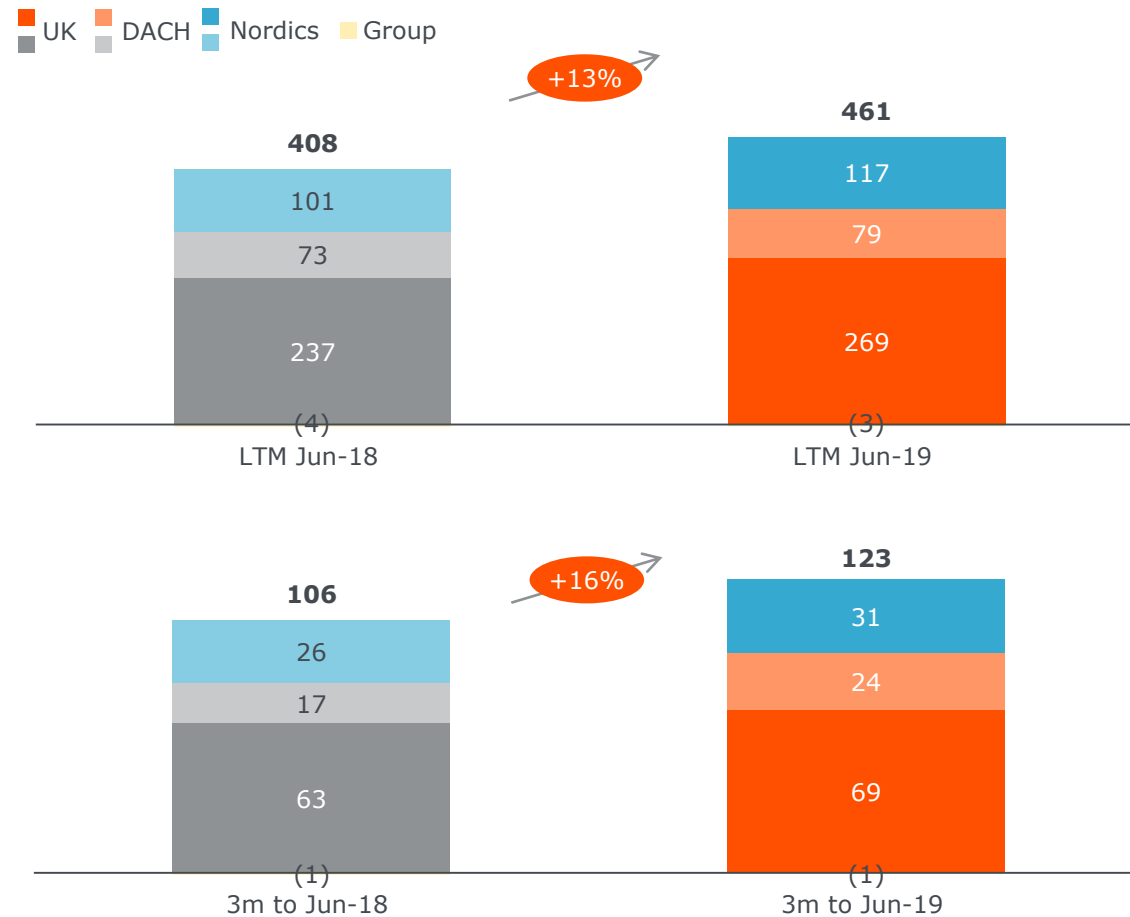


Earnings Growth

Pro Forma Gross Profit (£m)



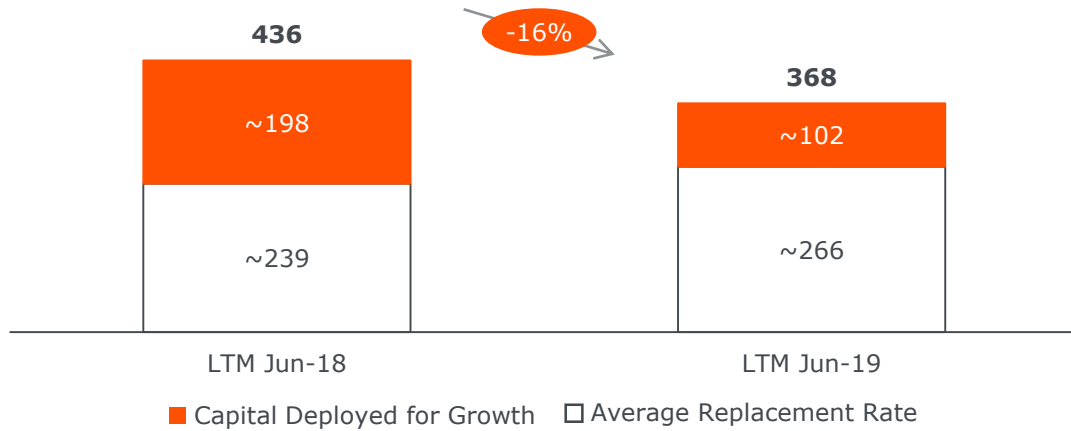
Pro Forma Cash EBITDA (£m)



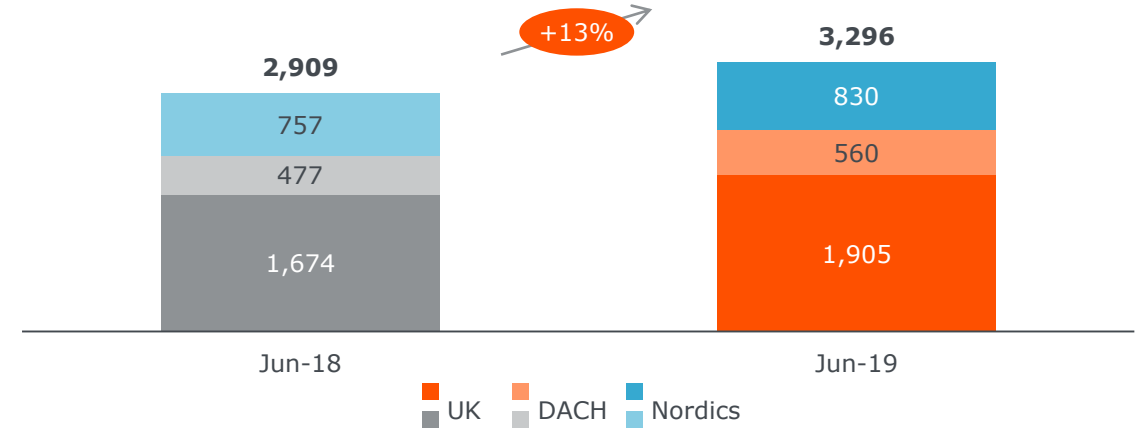
Note: Gross Profit calculated as Cash Income less Collection Activity Costs excluding Lawyer Service activity, less the amounts captured within Collection Activity Costs related to Non-recurring Costs / Exceptional Items (net of exceptional income)

Growth in Asset Base

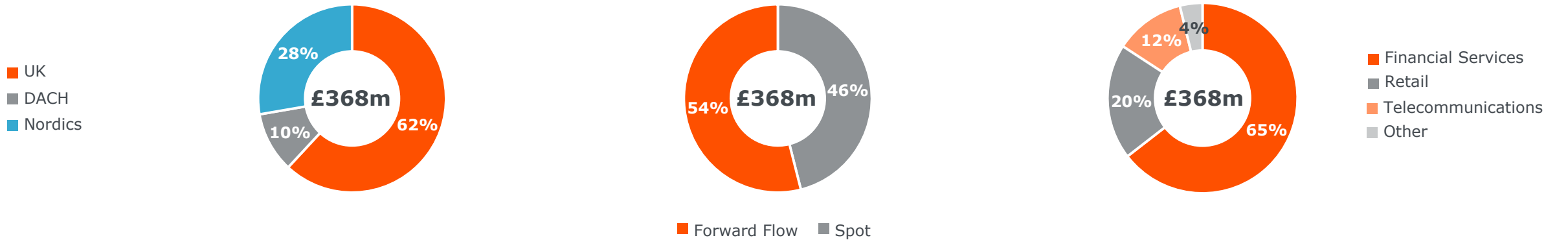
LTM Pro Forma Portfolio Acquisitions (£m)



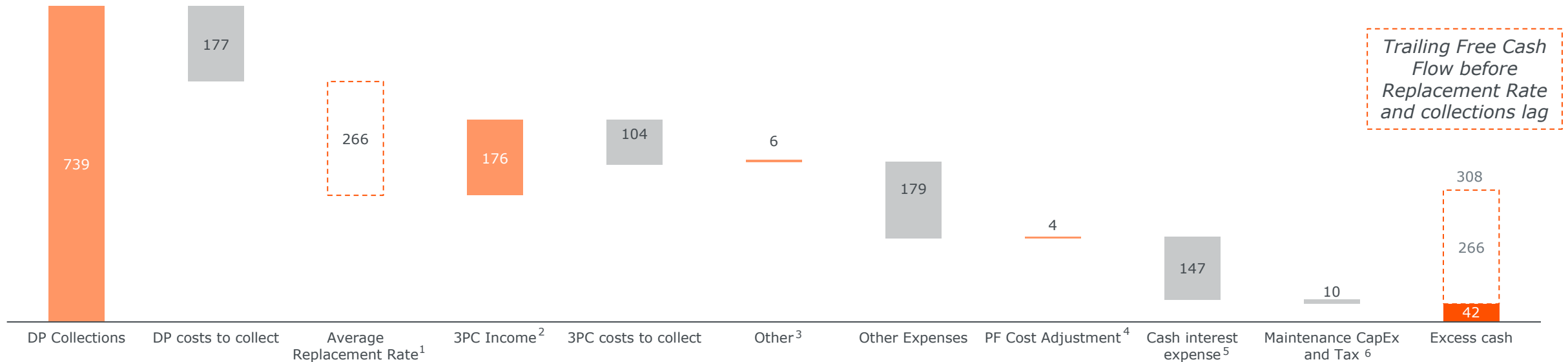
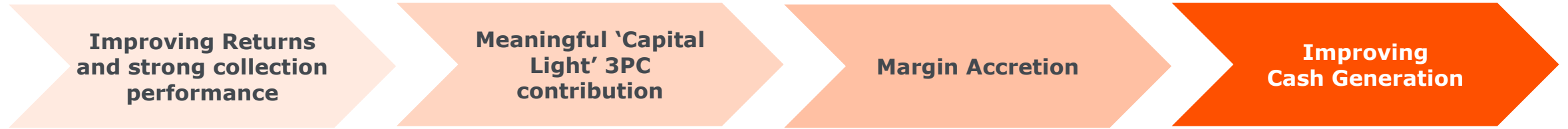
Pro Forma 120m ERC (£m)



LTM Pro Forma Acquisition Mix (£m)



Cash Generative Business Model



¹ Average Replacement Rate as calculated in Appendix. ² 3PC Income including VAS. ³ Includes Other Income which is not attributable to either DP or 3PC activities, plus the net position of Lawyer Service Activity. ⁴ Pro Forma Cost Adjustments as included within the Pro Forma LTM Cash EBITDA on page 15. ⁵ Cash Interest calculated as next 12 months interest on debt instruments and drawings as at 30 Jun 2019. ⁶ Includes Tax expense, being Income taxes paid during LTM Jun-19 and Maintenance CapEx, being a Management Pro Forma Group estimate as disclosed in Jan-18 Offering Memorandum.

Cash Generative Business Model

Business Fundamentals Supporting Cash Generation

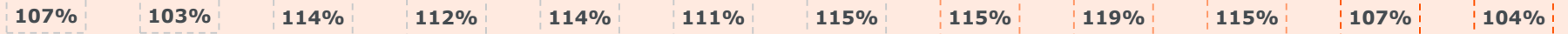


¹ Group GMM as calculated in Appendix.

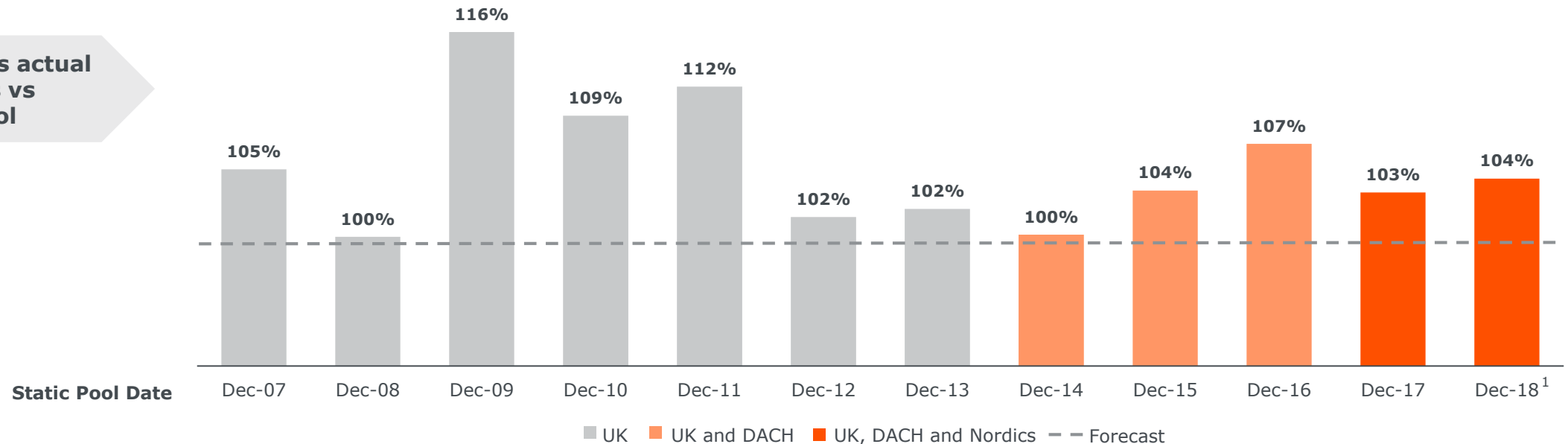
Continued Outperformance of Dynamic ERC Forecasts

Forecasting Accuracy to Dynamic Forecasts

Cumulative collection performance to Jun-19 vs static pool

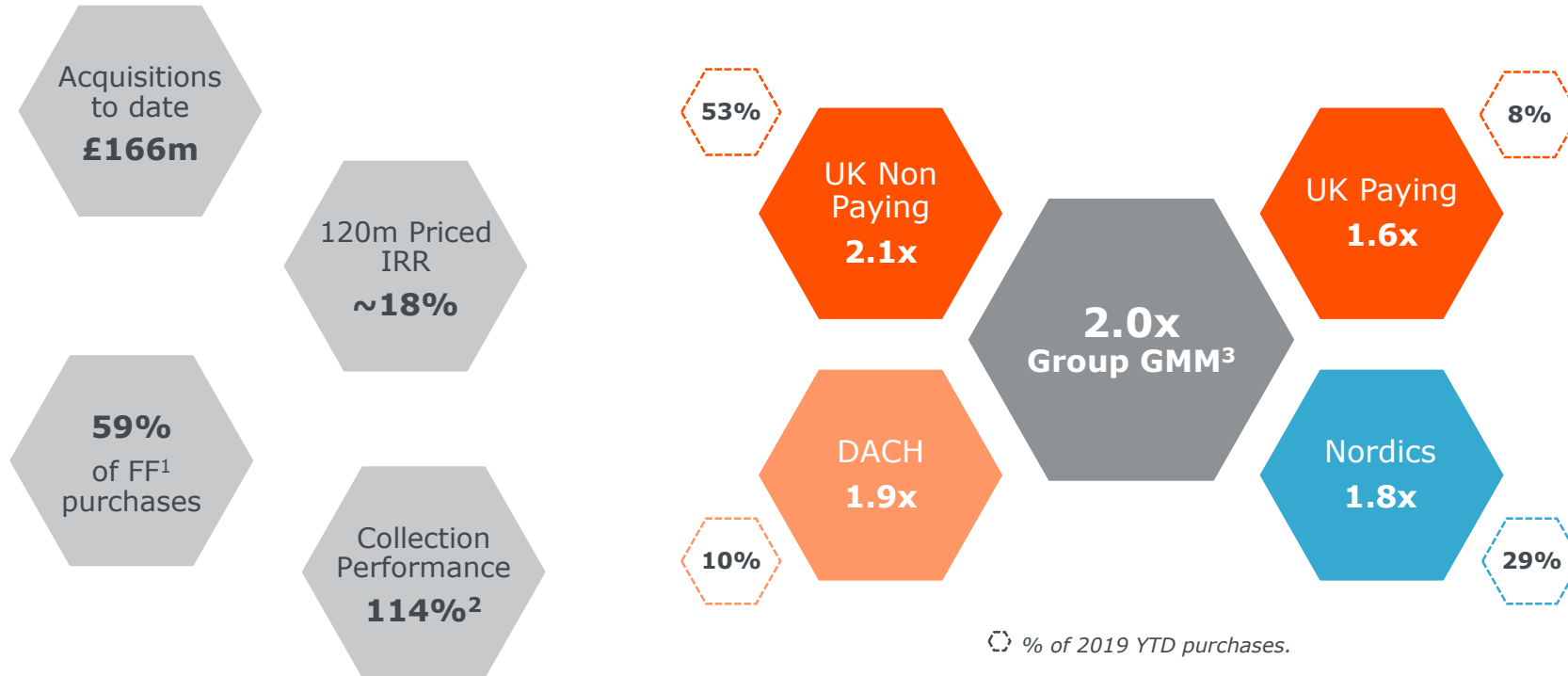


Next 12 months actual collections vs static pool



¹Actual collections for the six month period only to Jun-19.

2019 Vintage



- Balanced and diversified vintage across geography, sector and originator
- Capital continues to be deployed at increasingly attractive returns
- Strong pipeline and visibility of 2019 vintage returns
- H2-19 purchases of ~£100m already committed; providing confidence over purchasing guidance of £390m

¹ Forward Flow. ² Actual collections on 2019 purchases vs forecast collections for the 6 months to Jun-19. ³ Group GMM as calculated in Appendix.

Leverage and Liquidity

£m	Jun-19
Leverage	
Net Debt ¹	2,373
LTM Cash EBITDA ²	466
Net Debt / LTM Cash EBITDA	5.1x
Leverage Guidance by 2021 – 2022	4.0x – 3.5x
Liquidity	
RCF capacity ³	~395
Amounts drawn	(135)
Cash ⁴	63
Available Liquidity	323

- Leverage in line with forecasts; de-leveraging expected in H2-19 as guided
- Group maintains significant liquidity of ~£323m at Jun-19
- £395m LTM of cash generated from Operating Activities
- Evolution of capital structure:
 - Unsecured Note buyback; and
 - Exploring Co-Investment opportunities

¹ As calculated in Appendix. ² Pro Forma LTM Cash EBITDA includes Pro Forma cost adjustments. ³ Calculated as €200m, plus 7.9% of the Group's 84m ERC. ⁴ Unrestricted cash on balance sheet as at Jun-19.

11% Senior Unsecured Note Buyback

Summary

Bond Instrument Repurchased	11% Senior Unsecured Notes due 2023
Notional Amount	£33.5m
Settlement Date	29 th August 2019
Bond Status	Remain held
Aggregate Principal Remaining in Open Market	£196.5m
Source of Purchase Price	Cash on balance sheet

- £33.5 million of 2023 11% Senior Unsecured Notes purchased
- Conducted on a standalone basis in line with our capital structure and liquidity management objectives
- Funded from cash on balance sheet;
 - Liquidity of ~£323m at Jun-18, including £63m of unrestricted cash
 - FY19 purchasing guidance reduced to £390m
- Notes remain held; no plans to resell to the market

3. Outlook

Outlook

Growing the Business in the Right Way

Favourable Market Outlook

- Confidence in sector continues to gain momentum
- Significant opportunities across all regions and service lines
- Excellent pipeline visibility; ~£100m already committed across H2-19 at attractive returns

Positive Financial Performance

- Confidence in ongoing collections performance
- Capital light servicing business will remain important
- Margin improvement expected through cost control

Balance Sheet Discipline Central to Growth

- Liquidity of ~£323m to support growth; additional liquidity available through option to reset ABS facility
- Capital structure will continue to evolve in order to reduce WACD, maintain liquidity and facilitate the move to an all secured structure in time
- Committed to managing leverage within guidance

Appendix

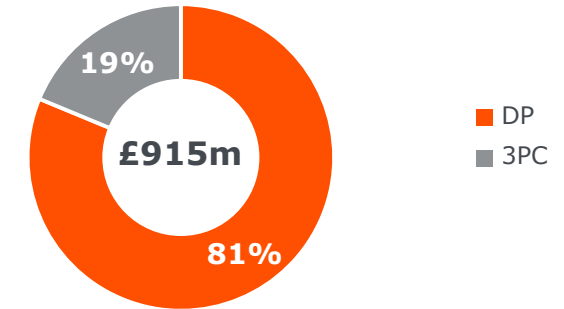
Regional Performance

Our Regional Performance

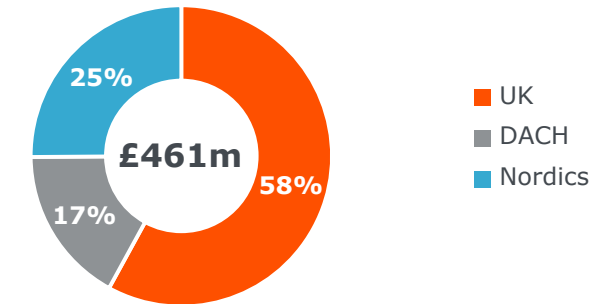
Geographies	£m	LTM Jun-18	LTM Jun-19	Var%
UK	Acquisitions	233	228	(2)%
	Cash Income	389	447	+15%
	Cash EBITDA	237	269	+13%
	120m ERC	1,674	1,905	+14%
DACH	Acquisitions	56	38	(32)%
	Cash Income	221	234	+6%
	Cash EBITDA	73	79	+7%
	120m ERC	477	560	+17%
Nordics	Acquisitions	148	102	(31)%
	Cash Income	225	234	+4%
	Cash EBITDA	101	117	+15%
	120m ERC	757	830	+10%

Our Diversified Business

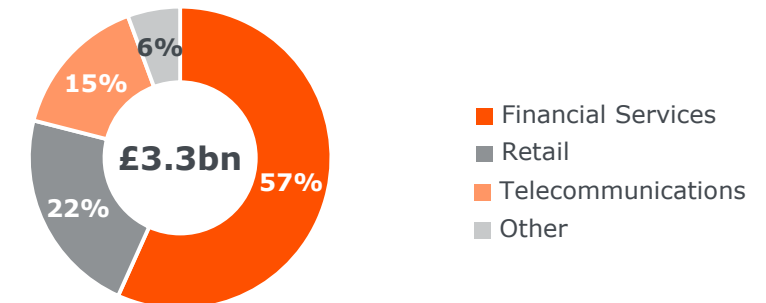
Cash Income



Cash EBITDA



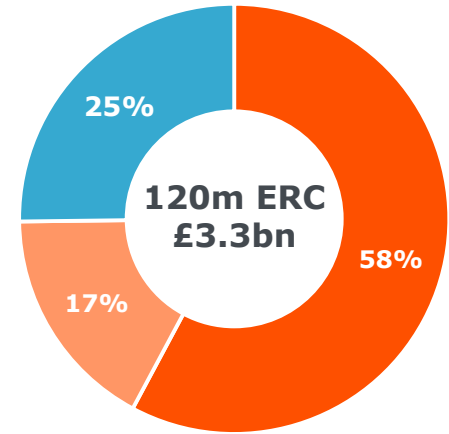
120m ERC



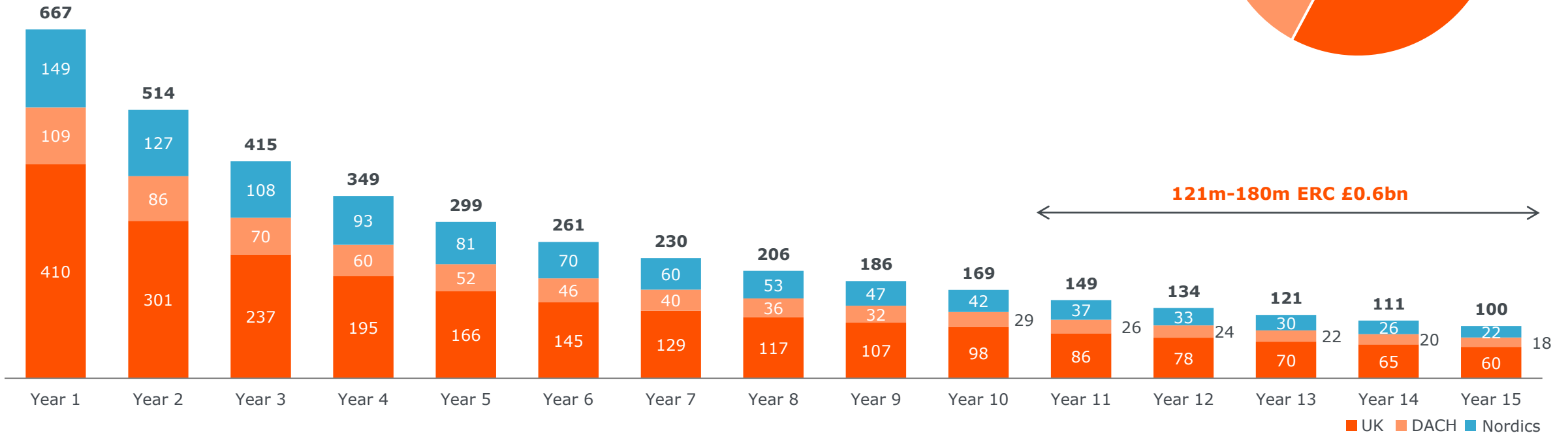
Backbook - ERC Profile

Over £1.1bn collections forecast over next 24 months

120m ERC £3.3bn



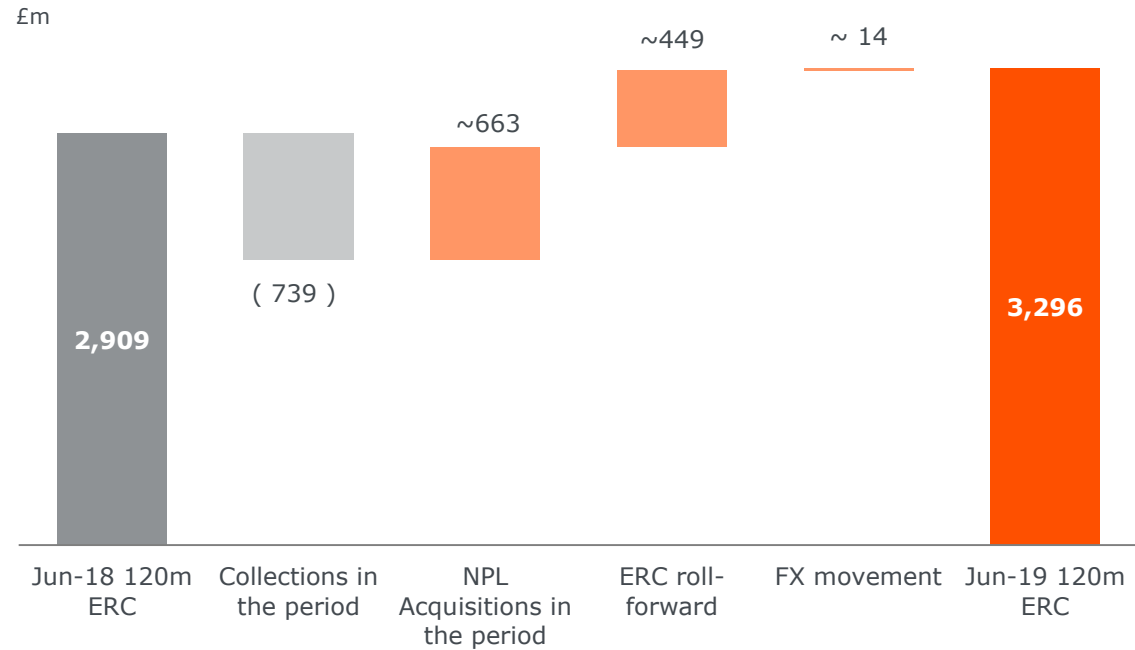
£m



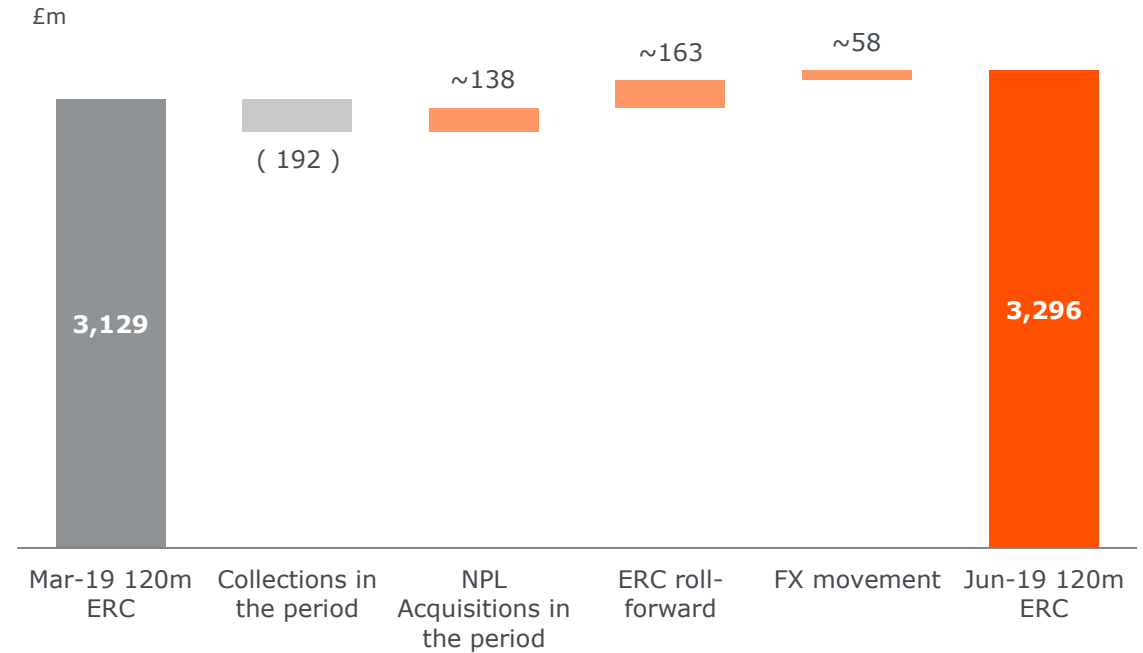
■ UK ■ DACH ■ Nordics

Pro Forma 120m ERC Roll-Forward

ERC Roll-Forward; Jun-18 to Jun-19



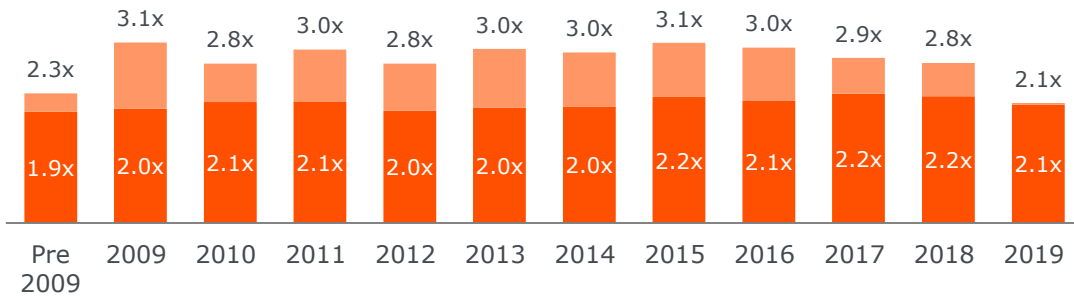
ERC Roll-Forward; Mar-19 to Jun-19



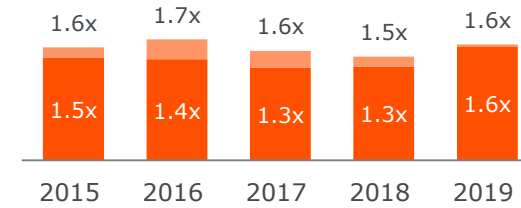
- NPL Acquisitions in the period: purchases in the period grossed up to 120m ERC based on respective priced 120m GMMs
- ERC roll-forward takes into account:
 - Mechanical nature of revaluation (roll-in of value present in the tail)
 - Over- or under-performance versus collections expectations leading to an uplift or reduction in estimated cash-flows

GMM Per Vintage – Pricing vs Current

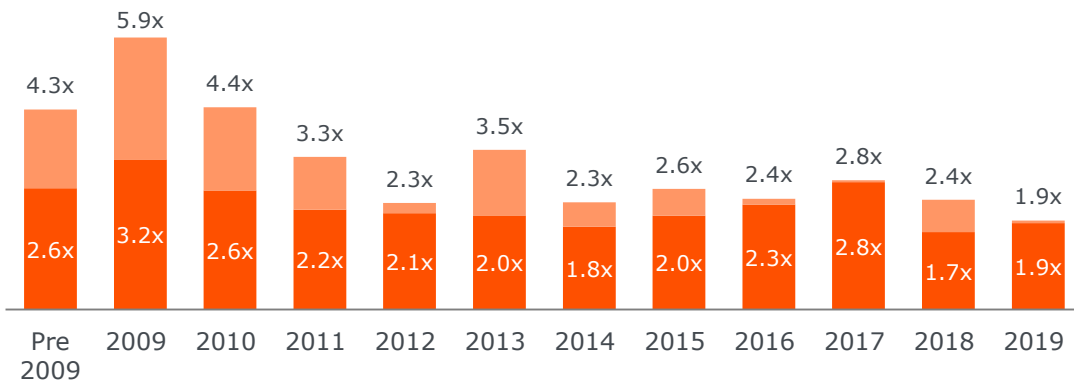
UK Non-Paying¹



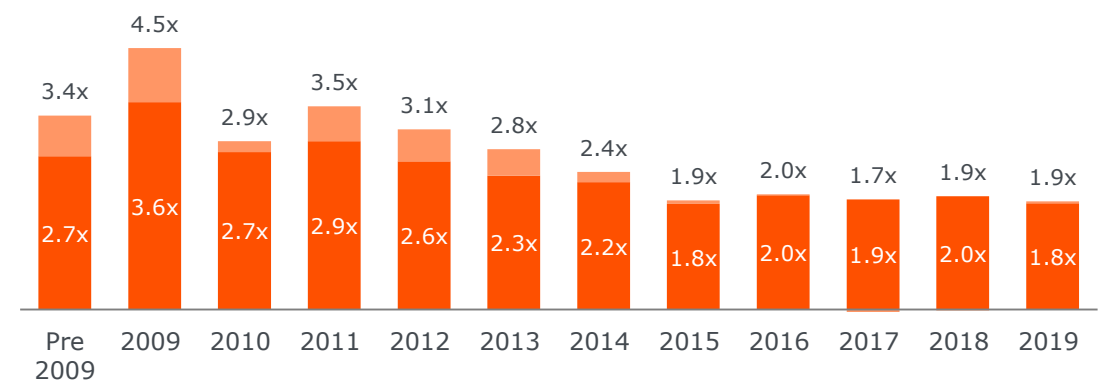
UK Paying¹



DACH²



Nordics²



■ Priced GMM ■ Current GMM

¹ UK based on 120m ERC. GMM at pricing based on initial 120m only priced collection expectation. UK Paying: These portfolios are determined at the point of acquisition based on the proportion of accounts within that portfolio which are set up on a payment plan ² Based on 180m ERC. GMM at pricing based on initial 180m only priced collection expectation. Current GMM is calculated using actual collections to Jun-19, plus ERC across the next 120m (UK) and 180m (DACH and Nordics).

Calculation Of Group ERC Replacement Rate Using Static GMM

A prudent calculation on the basis of static GMMs and the use of our most recent vintages being most representative of the current purchasing environment

Group (£m)		
		Jun-19
	Group ERC ¹	3,553
	Year 1 Collections	667
	Roll-forward (UK – YR11, DACH and Nordics – YR16)	121
A	Collections to replace	546
	2018 vintage Static GMM	2.1x
	2019 vintage Static GMM	2.0x
B	Blended Static GMM ²	2.0x
A/B	Jun-19 Replacement Rate	267
	Jun-18 Replacement Rate	265
	Average LTM Replacement Rate ³	266

GMM Weighted Average Calculation				
2018 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	233	57	118	408
% of total purchases	57%	14%	29%	100%
Actual Static GMM	2.2x	2.3x	1.9x	
Weighted Average				2.1x
2019 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	101	16	49	166
% of total purchases	61%	10%	29%	100%
Actual Static GMM	2.0x	1.9x	1.9x	
Weighted Average				2.0x
Blended Static GMM				2.0x

¹ Group ERC represents 120m for UK, 180m for DACH and Nordics where applicable. ² Blended GMM represents the weighted average static GMM for 2018 and 2019 vintages, across the UK, DACH and Nordics as at Jun-19.

³ Average Replacement Rate is an average of the Replacement Rate as calculated at Jun-19 and the Replacement Rate as calculated at Jun-18.

Net Debt and Borrowings as at 30 June 2019

Net Debt (£m)

Bond Principal

£565m Senior Secured Notes 8.5%	565
€365m Senior Secured Notes 7.5%	327
€415m Senior Secured Notes EURIBOR +3.5%	372
€530m Senior Secured Notes EURIBOR +4.5%	475
SEK1,280m Senior Secured Notes STIBOR +4.75%	109
£230m Senior Notes 11%	230

RCF Drawings and Other

GBP Drawn RCF	125
EUR Drawn RCF	10
UK Securitisation	213
EUR Other ¹	10

Cash²

Cash	63
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Senior Secured Net Debt	1,919
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Net Debt	2,373
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Gross Debt	2,436
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Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
GBP m	565	Senior secured notes	Nov-22	8.50%	GH3
EUR m	365	Senior secured notes	Aug-22	7.50%	GH3
EUR m	415	Senior secured notes	Sep-23	EURIBOR +3.50%	GH3
EUR m	530	Senior secured notes	Sep-23	EURIBOR +4.50%	GH3
SEK m	1,280	Senior secured notes	Sep-23	STIBOR +4.75%	GH3
GBP m	230	Senior notes	Nov-23	11.00%	GH2

Revolving Credit Facility (RCF) and Other

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured RCF	31-Dec-21	LIBOR / EURIBOR	3.50%
GBP m	255	Asset Backed Loan	Nov-22	LIBOR	2.85%

¹ Includes £10m drawn under DACH securitisation facility. ² Excludes restricted cash.

Glossary

3PC	-	Third Party Collection	FRN	-	Floating Rate Notes
Acquisitions	-	The purchases of NPLs	GMM	-	'Gross money multiple', being the expected collections on a portfolio or particular vintage, divided by its respective purchase price. Reported on either a 'static' or 'current' basis
AuM	-	Assets under Management	IFRS	-	International Financial Reporting Standards
Cash EBITDA	-	Defined as collections on owned portfolios plus other turnover, less collection activity costs and other expenses (which together equals servicing costs) and before exceptional items, depreciation and amortisation	LIBOR	-	London Interbank Offer Rate
Cash Income	-	Total income for the period adding back portfolio amortisation and portfolio fair value release and deducting net portfolio write-up, lawyer service revenue, other revenue (less payment services income) and other income	Net Debt	-	Senior Secured Notes bond principal plus Senior Notes bond principal plus RCF drawn amounts plus securitisation drawn amounts less cash
CMS	-	Credit Management Services	Nordics	-	For the purpose of the presentation include Sweden, Denmark, Norway, Finland and Estonia
DACH	-	Germany, Austria and Switzerland	NPL	-	Non Performing Loans
DP	-	Debt Purchase	Pro Forma Group	-	The combined group following the acquisition of the Carve-out Business from Intrum
EBITDA	-	Defined as operating profit plus depreciation and amortisation, non-recurring costs and exceptional items (net of exceptional income) and portfolio fair value adjustment (where applicable)	Replacement Rate	-	The estimated amount of purchases to maintain current Group ERC
ERC	-	Estimated Remaining Collections over 84, 120 or 180 months	RCF	-	Revolving Credit Facility
EURIBOR	-	Euro Interbank Offer Rate	STIBOR	-	Stockholm Interbank Offer Rate
Extant Group	-	The group prior to completion of the acquisition of the Carve-out Business from Intrum	WACD	-	Weighted average cost of debt

Upcoming Events

Results

- Q3-19 Results – November 2019

Investor Relation Activity

- Goldman Sachs – EMEA Leveraged Finance Conference, London – 3 September 2019

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