

Garfunkelux Holdco 2 S.A.

Presentation of Q2-2017 Interim Results

August 10th, 2017

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Housekeeping

- This presentation captures the 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
- Please note the following with regards to the year-on-year comparisons captured in this presentation:
 - For the three months to June 2017, the twelve months to June 2017 or as at 30th June 2017, these are based upon the trading results of GH2
 - For the three months to June 2016 or as at 30th June 2016, these are based upon the trading results of GH2
 - For the twelve months to June 2016, these are based upon a combination of the trading results of GH2 and the combined trading results of Metis Bidco Limited and GFKL Financial Services GmbH, given that GH2 acquired both Metis Bidco Limited and GFKL Financial Services GmbH during the course of 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

Agenda

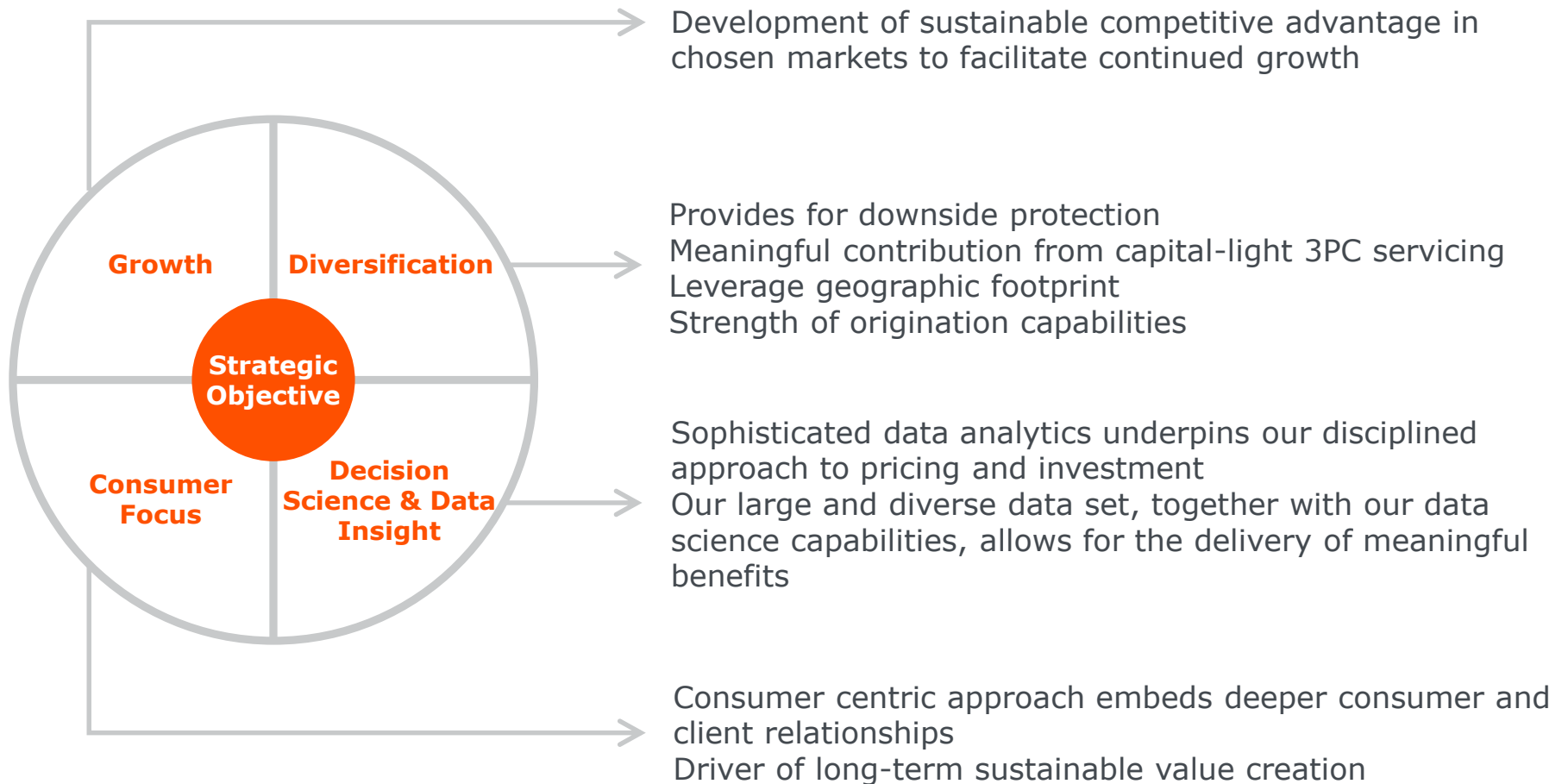
- 1 | Introduction
- 2 | Delivering Our Strategy: Q2-17 Highlights
- 3 | Outlook
- 4 | Appendix

*Hosting today:
James Cornell, Group CEO and Colin Storrar, Group CFO*

1. Introduction

Our Strategic Objective – A Reminder

“To Be The Best In Our Field. For Clients. For Consumers. Europe-wide.”



People, Practice And Platform

The Fundamentals That Underpin Our Strategy



People

- > Our people are our consumers, clients, colleagues and investors alike
- > Our continual thoughtfulness as to all our stakeholders is the basis of our sustainable growth strategy

Practice

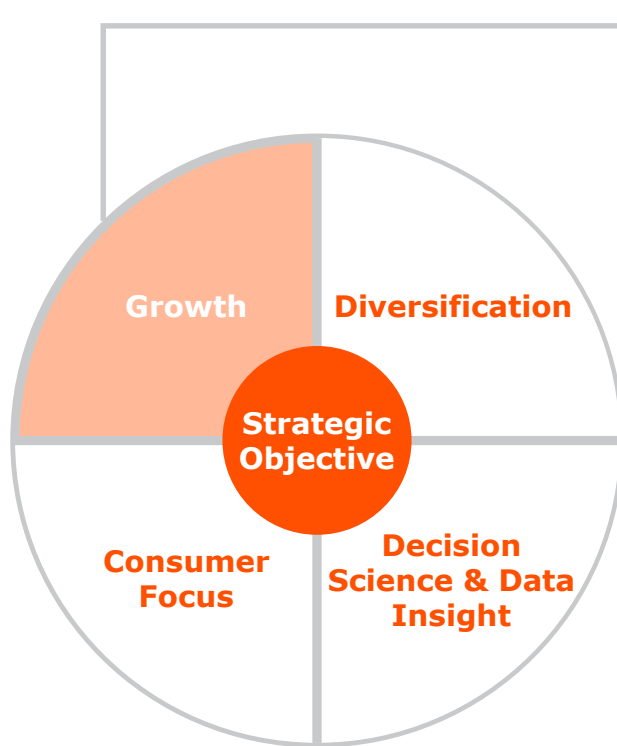
- > Our acquisition volumes, collections success and forecasting accuracy are all underpinned through an extensive and industry leading data asset and data capability

Platform

- > Our operating platforms are underpinned by the governance and management structures in place across the Group and at the regional operating levels
- > Such cross-regional structures allows us to operate seamlessly whilst ensuring the whole Group drives towards the same strategic objectives

2. Delivering Our Strategy: Q2-17 Highlights

Delivering Our Strategy: Growth



"Development of sustainable competitive advantage in chosen markets to facilitate continued growth"

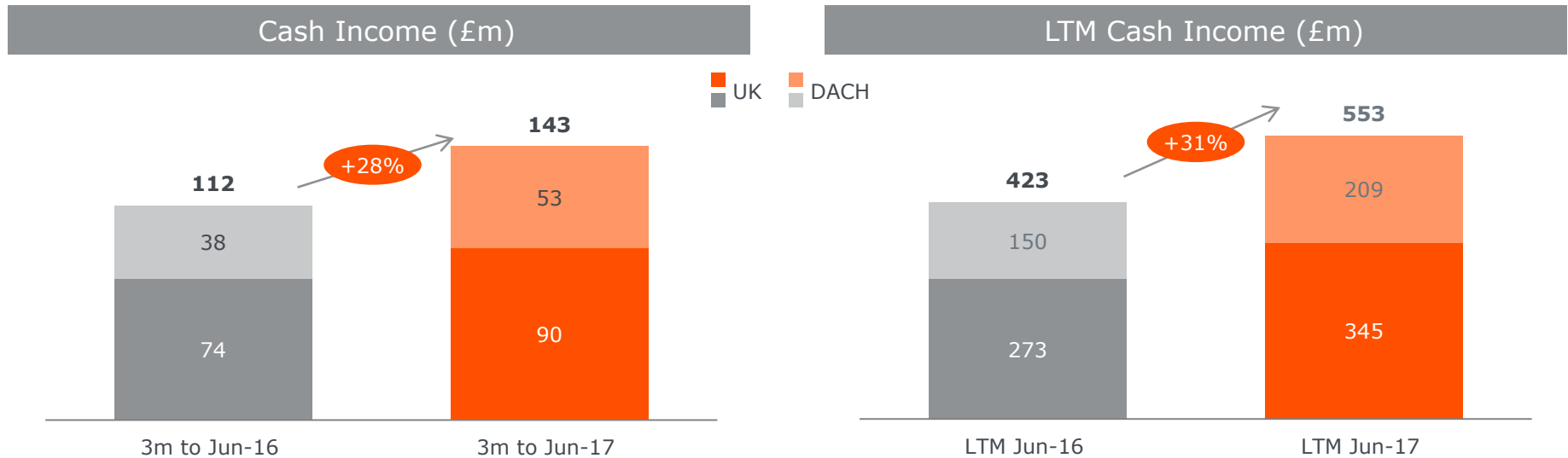
- > **28% increase in Cash Income** to £143m for the three months to Jun-17¹
- > **18% increase in Cash EBITDA** to £71m for the three months to Jun-17¹
- > **26% increase in 120m gross ERC** to £1.9bn as at Jun-17¹

¹ Versus prior year

Delivering Our Strategy

Cash Income Growth

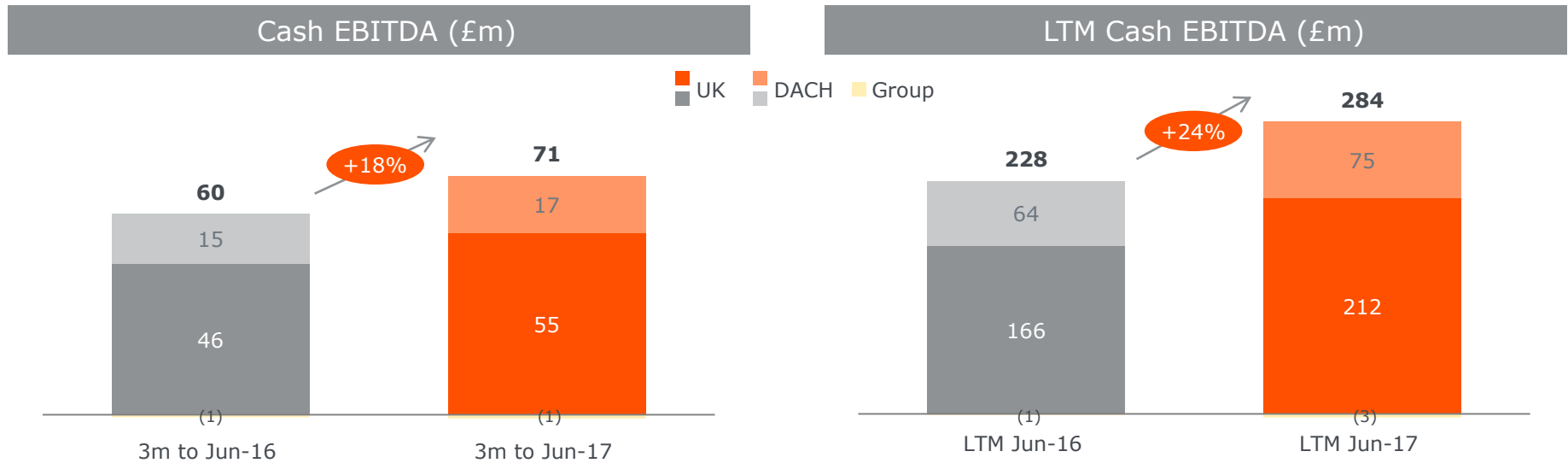
- 28% increase in Cash Income for the 3 months to Jun-17 versus prior year
- Driven by growth across 3PC Income and NPL Cash Collections
- 3PC Income contribution to Cash Income of 20%



Delivering Our Strategy

Cash EBITDA Growth

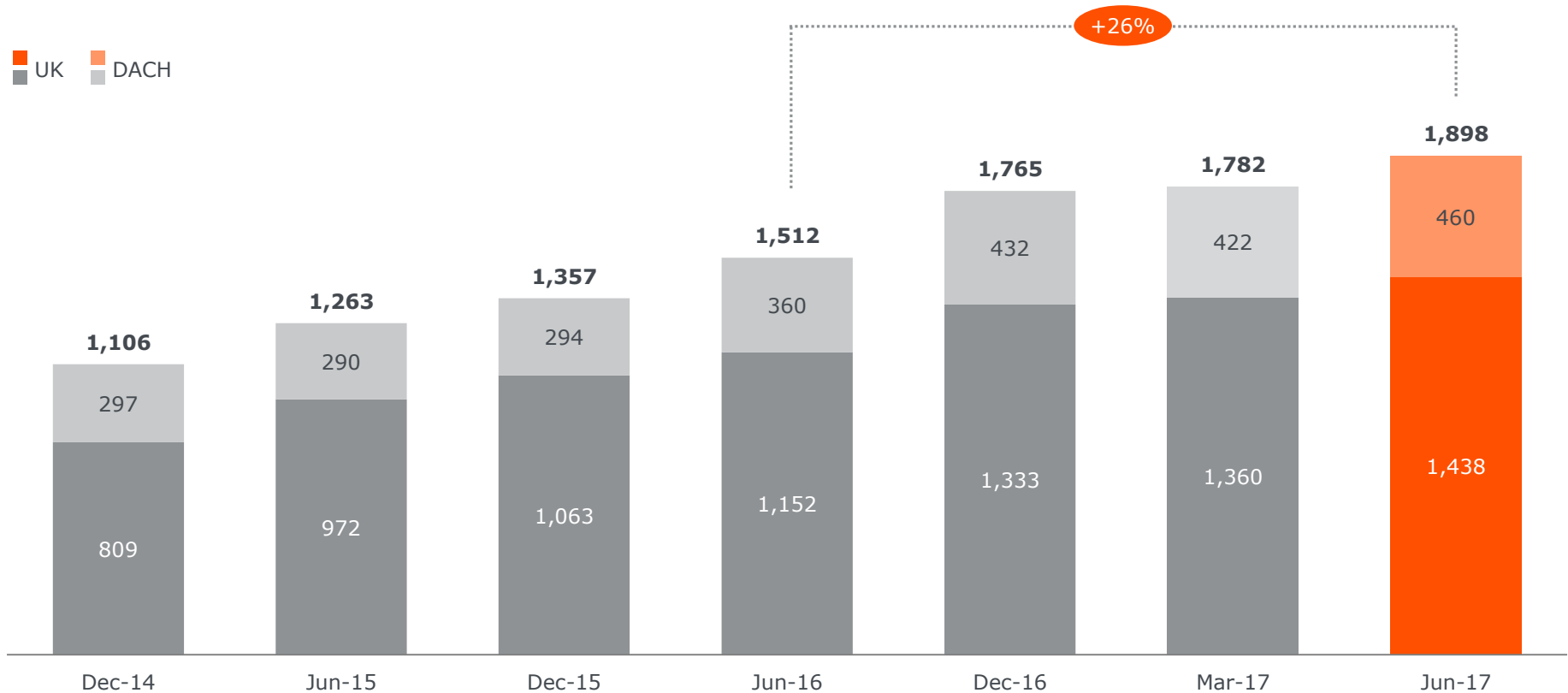
- Cash EBITDA for the last 12 months to Jun-17 of £284m is £56m, 24% higher versus prior year
- Pro-forma Cash EBITDA¹ of £287m



¹ Proforma LTM Cash EBITDA as quoted is defined as Group Cash EBITDA for the twelve months ended 30 June 2017, further adjusted to include the Cash EBITDA contribution of the Tesch Group as if this acquisition had occurred at 1 July 2016

Delivering Our Strategy

Estimated Remaining Collections (120m ERC) Growth



- Significant value lies beyond 120 months - £302m of ERC between months 121 and 180

Delivering Our Strategy

Improved Leverage Given EBITDA Growth Since Last Public HY Issuance

As at 30 th Jun-17	£m
Senior Secured Net Debt	1,150
Net Debt	1,380
<hr/>	
Pro-forma LTM Cash EBITDA ¹	287
Group Gross ERC ²	1,973
<hr/>	
Leverage Metrics	
Senior Secured Net Debt / PF LTM Cash EBITDA ¹	4.0x
Net Debt / PF LTM Cash EBITDA ¹	4.8x
<hr/>	
Net Debt / Group Gross ERC ²	70%

- Growth in Pro-forma LTM Cash EBITDA supporting improvement in leverage to 4.8x from position as at Dec-16 of 4.9x and 5.2x at last public bond issuance
- Group retains both cash on balance sheet and available RCF to support future opportunities
- Medium term like-for-like expectation of sub 4.5x Net Debt to Cash EBITDA

¹ Proforma LTM Cash EBITDA as quoted is defined as Group Cash EBITDA for the twelve months ended 30 June 2017, further adjusted to include the Cash EBITDA contribution of the Tesch Group as if this acquisition had occurred at 1 July 2016

² Group Gross ERC defined as Lowell 120m ERC (£1,438m) + DACH 180m ERC (£535m)

Delivering Our Strategy: Diversification



*"Provides for downside protection
Meaningful contribution from capital-light 3PC servicing
Leverage geographic footprint
Strength of origination capabilities"*

> **LTM acquisition mix:**

39% Financial Services
36% Retail
20% Communications

> **Forward Flows** account for **44%** of LTM acquisitions

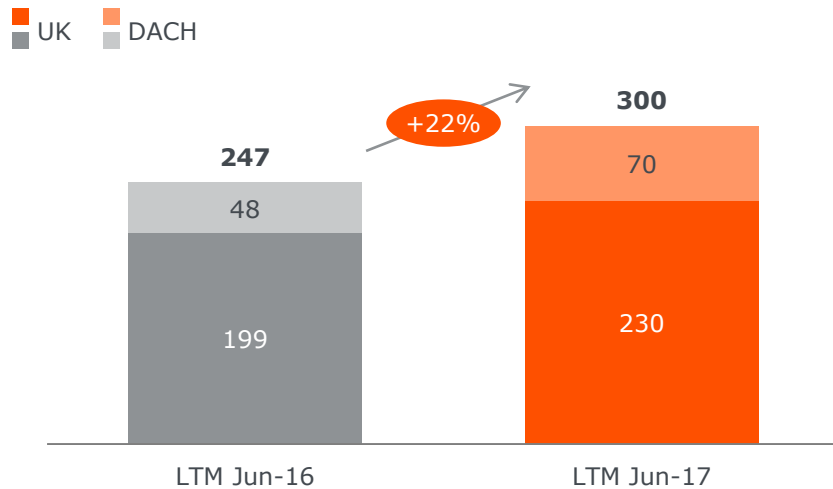
> **Depth and breadth** of origination capabilities supports diversification in its most simplest form

Delivering Our Strategy

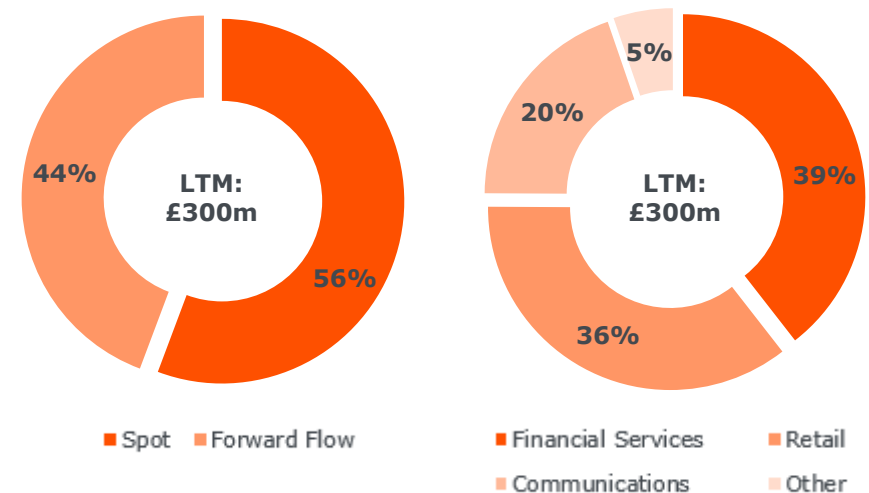
Diversification Through Further NPL Portfolio Acquisitions

- Continuing to purchase across the spectrum of sectors, together with Forward Flows providing an important means of 'off market' acquisition – 44% of purchases¹ from such mutually beneficial relationships
- 22% increase in NPL Portfolio Acquisitions for the 12 months to Jun-17 versus prior year

LTM NPL Portfolio Acquisition (£m)



LTM Acquisition Mix (%)

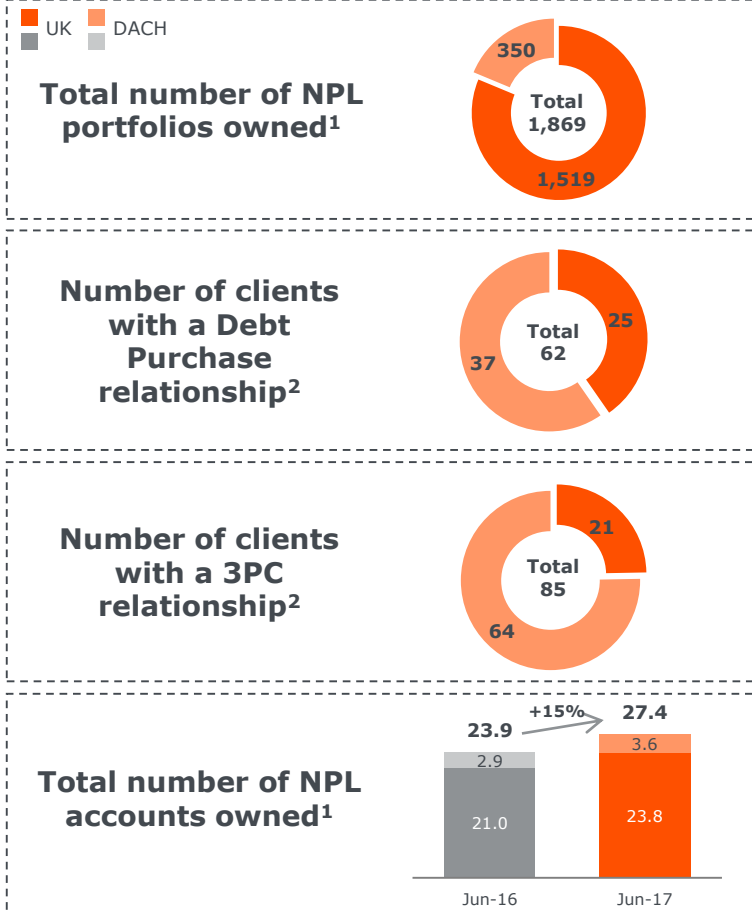


¹ For the last 12 months to Jun-17

Delivering Our Strategy

Origination Capabilities And Diversification

Origination Capabilities – Depth & Breadth



Group Benefits

- Pricing and operational / collection risk protection
 - Within the last 12 months to Jun-17, 356 new portfolios acquired
 - Less reliance on collections performance of a handful of large ticket portfolios
- Purchase volume protection
 - Flexibility to deploy capital across regions and sectors
 - Minimises scope for client concentration risk
- Complete receivables management offering is an important means of origination
 - 23 clients across the Group where we have both bought and serviced their receivables in the last 12 months
- Large and diverse data set - accounts purchased across range of sectors, vintages, economic conditions
 - Insight from which helps us to reduce pricing risk and implement effective and efficient collection strategies

¹ Since inception

² Defined as where we have acquired a portfolio or received a placement from a client in the last 12 months to Jun-17. For DACH only, where spend/placement value is > €100k

Delivering Our Strategy: Decision Science & Data Insight



*"Sophisticated data analytics underpins our disciplined approach to pricing and investment
Our large and diverse data set, together with our data science capabilities, allows for the delivery of meaningful benefits"*

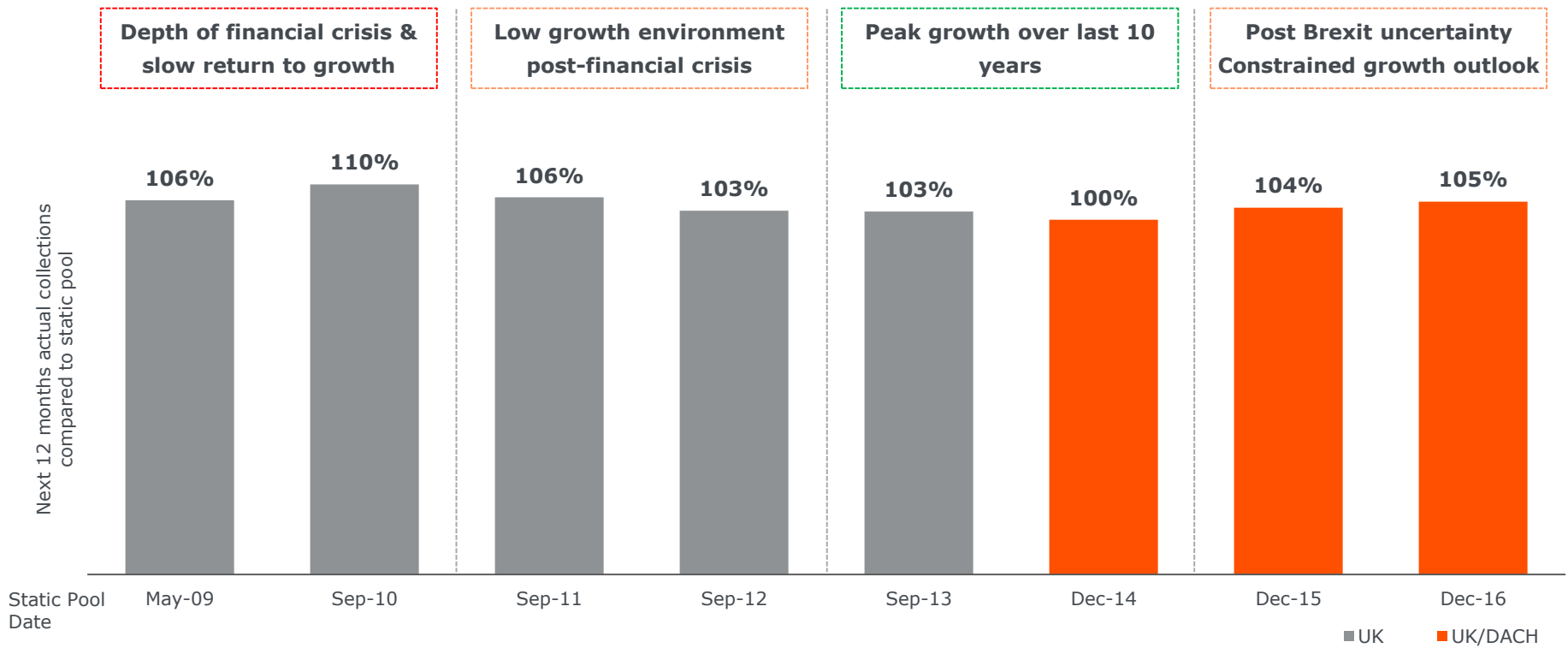
- > Collected **105%** of our closing balance ERC projection as at Dec-16¹ – reaffirming our proven ability to **outperform collection expectations**
- > Forecast **38%** of 120 month ERC to be collected in the next 24 months – front-loaded nature of our collections curve **minimises our collection risk**

¹ For the six months to Jun-17

Delivering Our Strategy

Data Insight As To Accuracy Of Forecasting

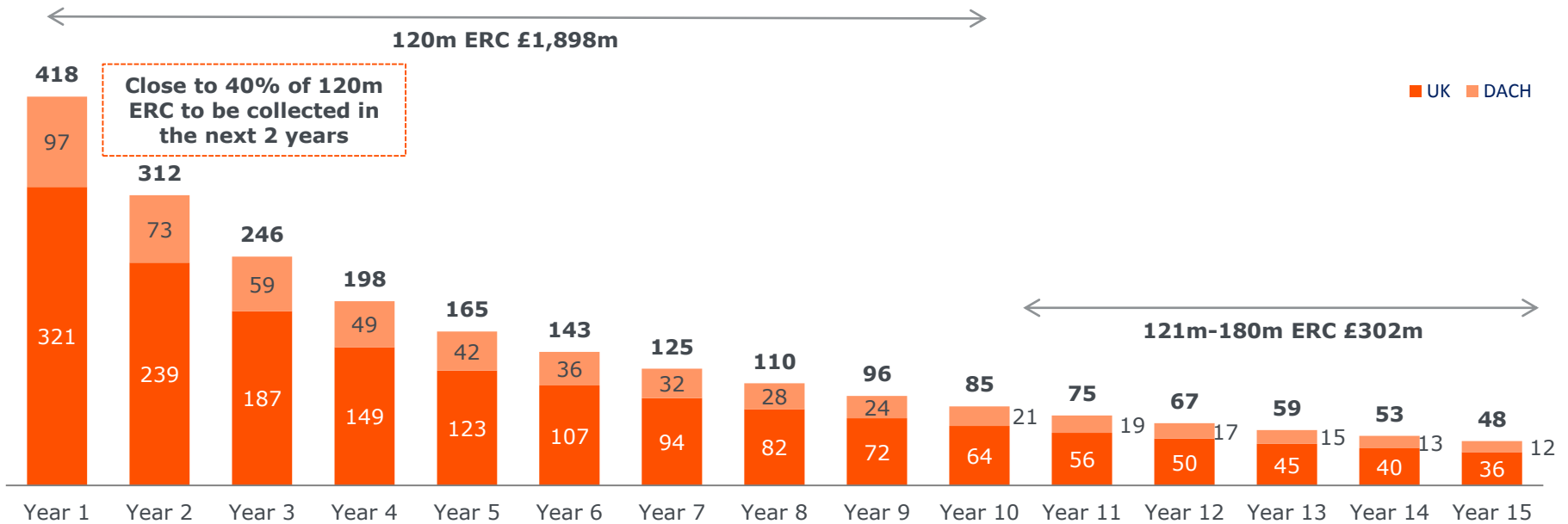
Our Forecasts Demonstrate Consistent Accuracy Across Varied Economic Times



Delivering Our Strategy

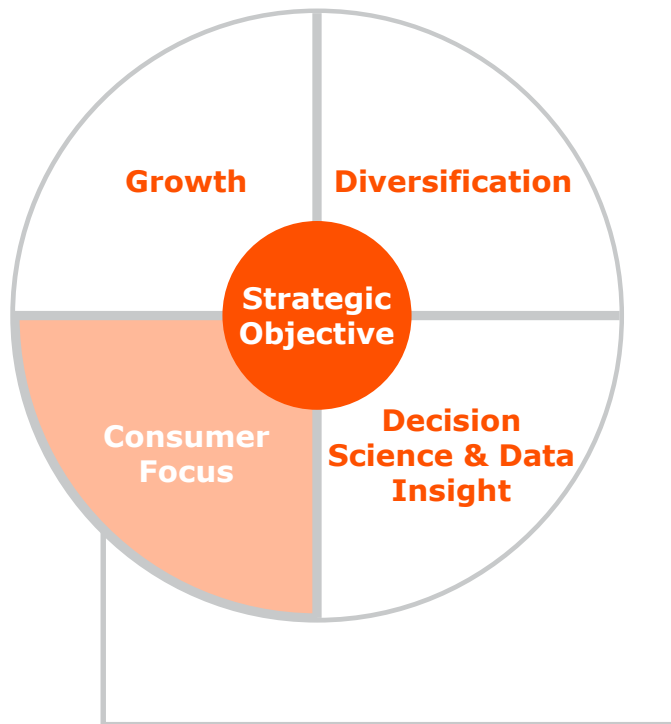
Data Points As To The Prompt Conversion Of ERC Expectation Into Cash

- Front-loaded nature of our collections curve means we benefit from lower collection risk
- Forecast £730m of gross cash collections in the next 24 months



Note: ERC presented across the Group on a 120m and 180m basis to provide visibility on future expected gross collections. The respective portfolio investment closing balances as disclosed in the interim accounts are based on a period ranging from 84 months to 120 months

Delivering Our Strategy: Consumer Focus



*"Consumer centric approach embeds deeper consumer and client relationships
Driver of long-term sustainable value creation"*

- > A consumer centric approach which puts the customer first through establishing affordable and sustainable long-term payment plans
- > Full FCA authorisation received June 2017

Delivering Our Strategy

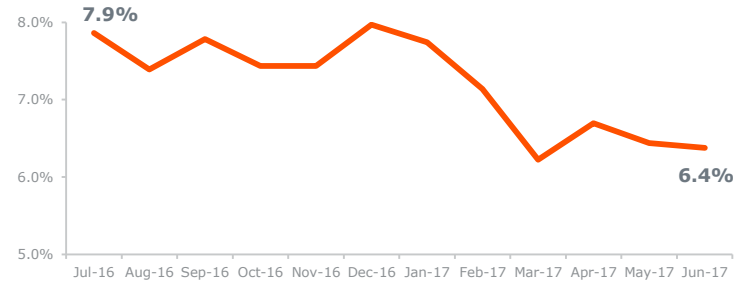
Consumer Centric Collections At The Heart Of What We Do

Consumer Centric Approach

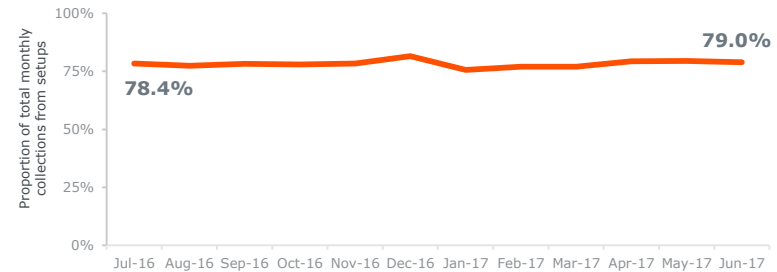
- Investor in Customers insight...
 - Top 5 aspects of our approach that customers support:
 1. Approach - fair and understanding
 2. Our focus on affordable plans
 3. There is no judgement or pressure
 4. We listen
 5. Communications - clear and easy to understand

Affordable & Sustainable Payment Plans

- Underpinned by a declining Default Rate¹



- A consistently high proportion of long-term “setup” type-payments²



- An approach that...**
- Puts our **customers first**
 - **Resonates** with clients
 - Gives us **confidence** and **visibility** as to the timing and profile of future collections

¹ Defined as the percentage of plans which make zero payment in the month when a payment was due. Calculated on a volume of plans basis. UK data only

² Defined as collections coming from a plan which is due to last > 3 months or collections coming from payments where the payment value is <1/3 of the accounts original balance. UK data only

3. Outlook

Outlook

Carrying Forward A Strong First Half Of 2017

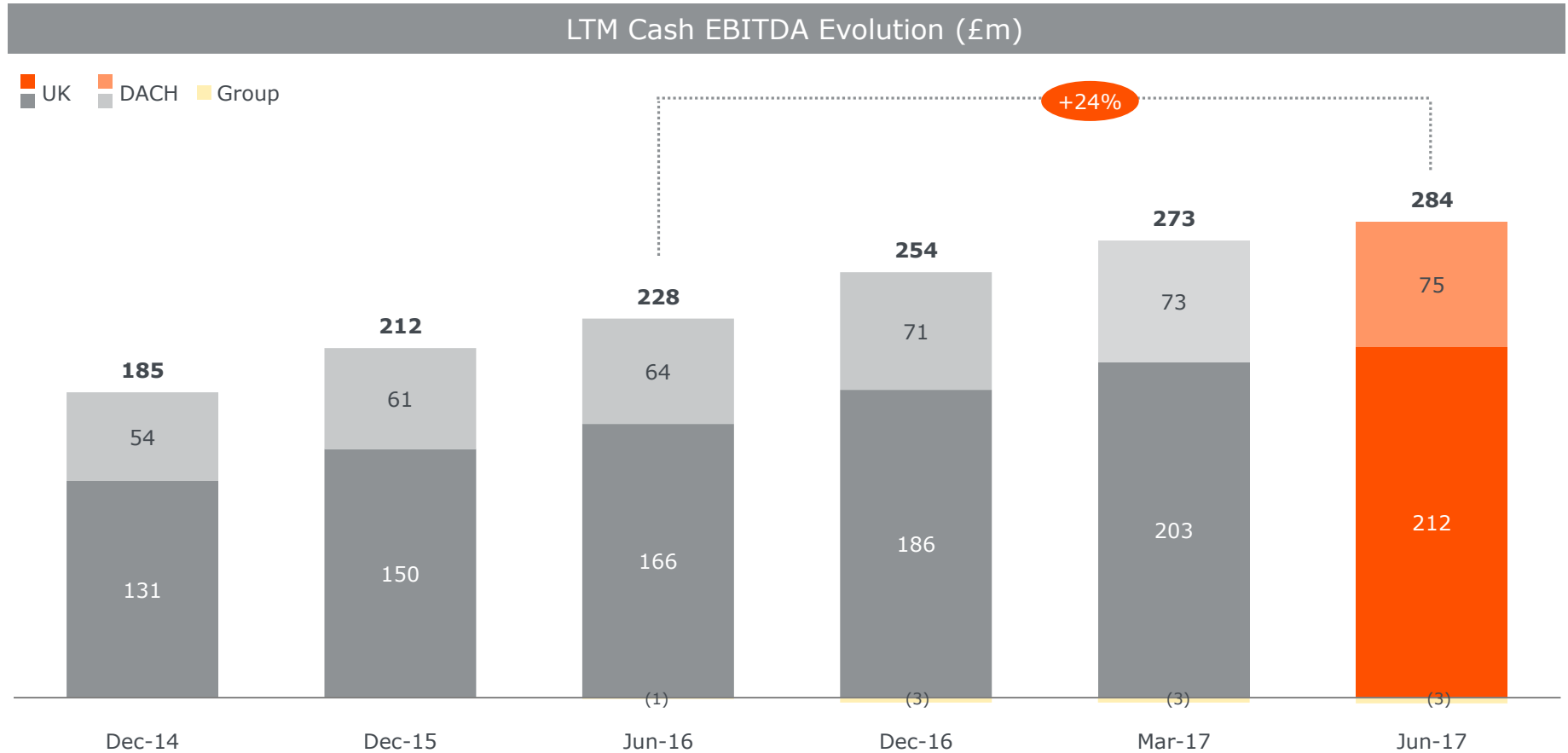
- Expectation that year-on-year growth will continue into H2-17
- Continuation of our disciplined approach to pricing and investment
 - Our forward flow commitments provide strong visibility
- Positive start to H2-17
 - July was a record month for UK collections

“To be the best in our field. For clients. For consumers. Europe-wide.”

Appendix

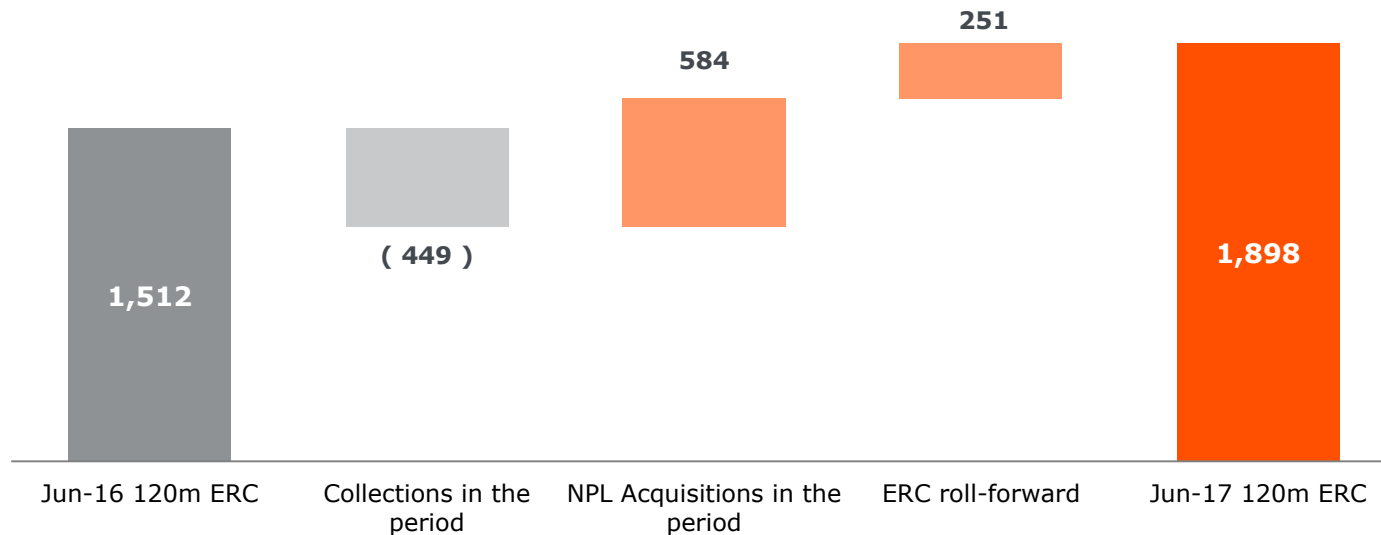
Q2-17 Highlights

Cash EBITDA Growth



Balance Sheet Highlights

ERC Roll-Forward



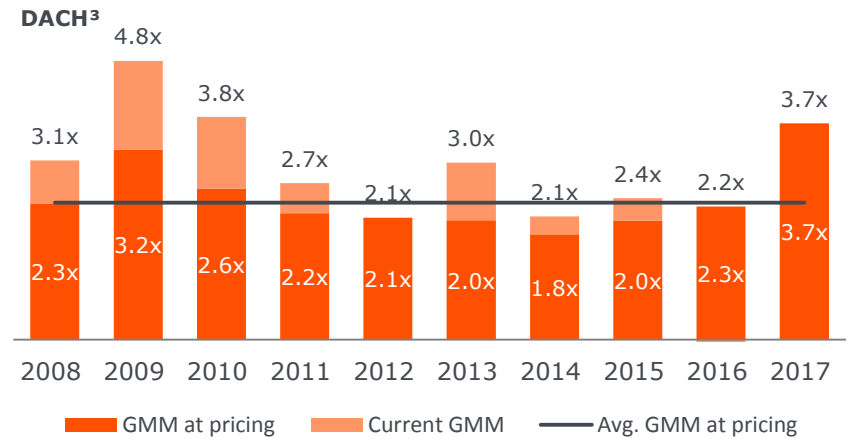
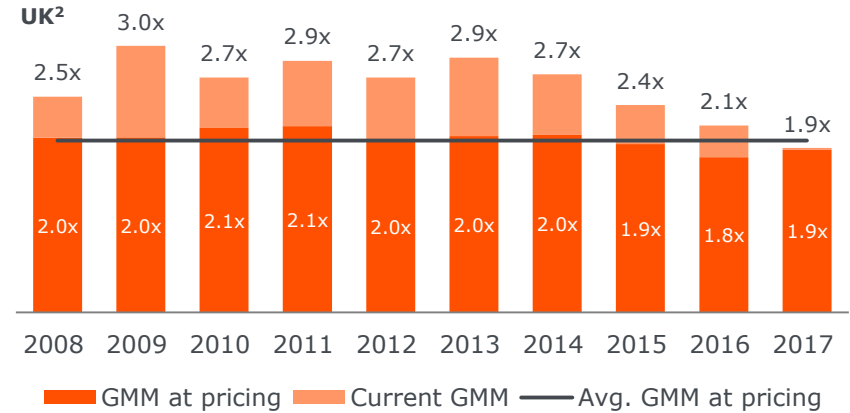
- NPL Acquisitions amount based upon LTM Jun-17 purchases grossed up to 120m ERC based on respective priced GMMs
- ERC roll-forward takes into account:
 - Mechanical nature of revaluation (roll-in of value present in the tail)
 - Over or under-performance versus collections expectations leading to an uplift or reduction in estimated cash-flows
 - Movement in FX rates (Jun-16 closing rate EUR/GBP 0.826, Jun-17 closing rate EUR/GBP 0.879)

Backbook Performance

Portfolio Performance By Vintage (€m)

Vintage	Portfolio Acquisitions ¹		GMM		Portfolio Maturity
	UK	DACH	UK ²	DACH ³	
2004	16	7	2.0x	4.2x	13 years
2005	32	2	1.5x	5.0x	12 years
2006	41	12	2.5x	3.7x	11 years
2007	57	49	2.1x	4.3x	10 years
2008	62	7	2.5x	3.1x	9 years
2009	63	64	3.0x	4.8x	8 years
2010	61	14	2.7x	3.8x	7 years
2011	74	10	2.9x	2.7x	6 years
2012	111	22	2.7x	2.1x	5 years
2013	111	26	2.9x	3.0x	4 years
2014	154	41	2.7x	2.1x	3 years
2015	205	37	2.4x	2.4x	2 years
2016	229	78	2.1x	2.2x	1 year
2017	87	22	1.9x	3.7x	< 1 year
Total	1,302	391	2.4x	3.2x	

GMM Per Vintage (last 10 years view)



¹ 2004-2015 portfolio acquisitions as reported in the September 2016 OM. 2016 portfolio acquisitions as reported in FY16 results Investor Presentation

² UK based on 120m ERC. GMM at pricing based on initial 120m only priced collection expectation

³ DACH based on 180m ERC. GMM at pricing based on initial 180m only priced collection expectation

Net Debt

Net Debt as at 30th Jun-17 (£m)

Bond Principal

€405m Senior Secured Notes EURIBOR +5.5%	356
€365m Senior Secured Notes 7.5%	321
£565m Senior Secured Notes 8.5%	565
£230m Senior Notes 11%	230

RCF Drawings

EUR Drawn RCF	0
GBP Drawn RCF	0

Cash¹

Cash in Garfunkelux Holdco 2 S.A.	92
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Senior Secured Net Debt	1,150
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Net Debt	1,380
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¹ Includes restricted cash of £29m

Borrowing

Revolving Credit Facility (RCF)

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	200	Super Senior Secured	31-Dec-21	LIBOR / EURIBOR	3.50%

Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
EUR m	405	Senior secured notes	01-Oct-21	EURIBOR +5.50%	GH3
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

Group Operating Profit

Year-On-Year Comparative

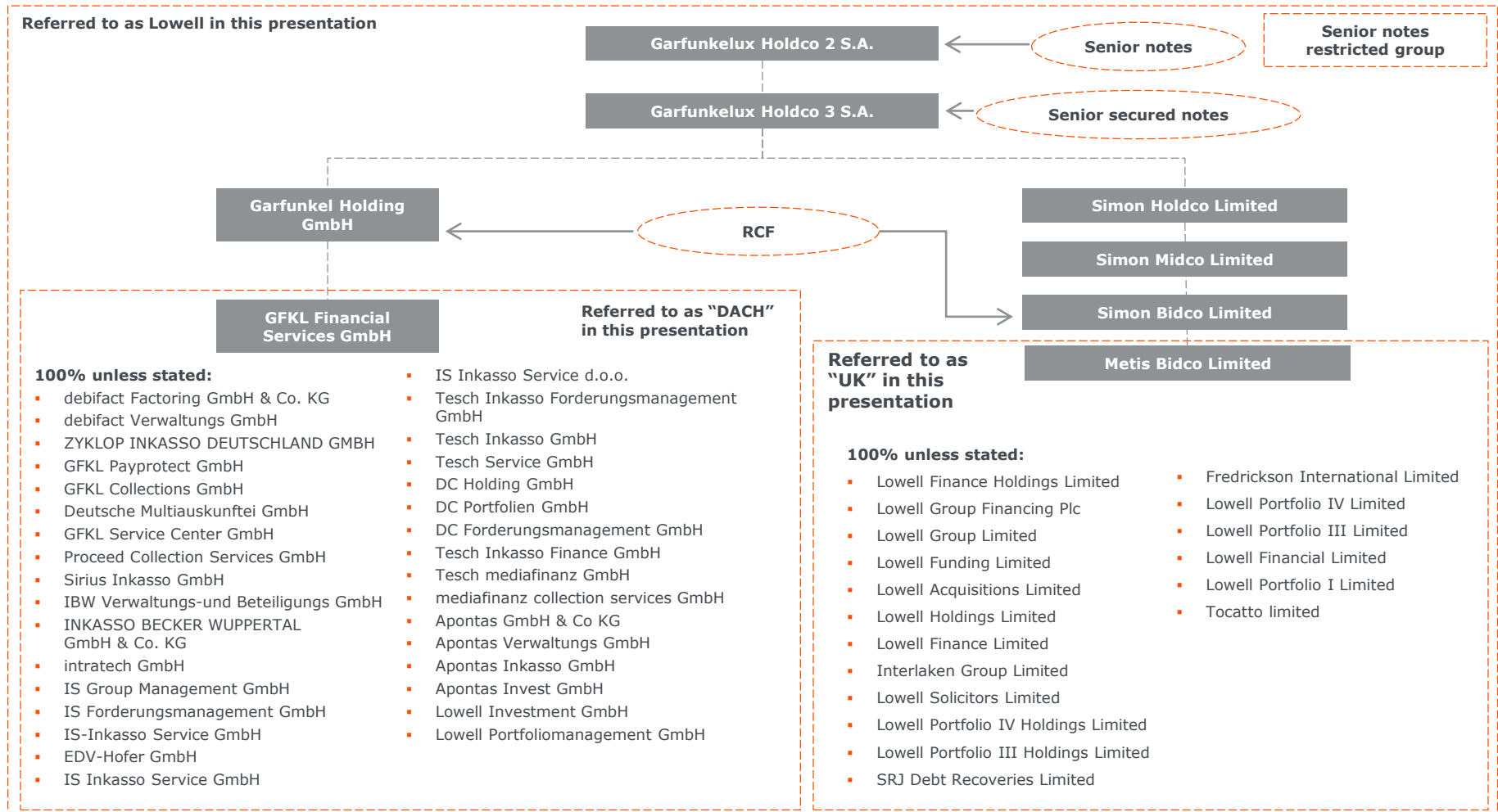
Continuing operations, £m	Garfunkelux Holdco 2 S.A. 3 months to 30 June 2016	Garfunkelux Holdco 2 S.A. 3 months to 30 June 2017	Variance	V%
Revenue				
Income from portfolio investments	47	59	11	24%
Portfolio write up	27	30	3	10%
Portfolio fair value release	(1)	(1)	0	25%
Service revenue	36	42	6	18%
Other revenue	1	1	0	33%
Total revenue	110	131	21	19%
Other income	0	0	0	(6)%
Operating expenses				
Collection activity costs	(43)	(45)	(3)	(6)%
Other expenses	(38)	(52)	(15)	(39)%
Total operating expenses	(80)	(97)	(17)	(21)%
Operating profit	31	34	4	13%

Garfunkelux Holdco 2 S.A.

Reconciling The Q2-17 Interim Numbers To This Presentation

	£m
Cash EBITDA for the 3 months to Jun-17	71
<i>Reconciliation adjustments to derive Operating Profit;</i>	
Conversion from Cash Income to L&R Revenue	(27)
Add Depreciation, Amortisation & Impairment	(5)
Add-back Exceptionals	(5)
Operating profit for the 3 months to Jun-17	34
Interest income	0
Finance costs	(45)
Loss before tax for the 3 months to Jun-17	(11)
Tax	2
Loss for the 3 months to Jun-17	(9)

Group Structure



Definitions & Abbreviations

Definitions:

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

Cash EBITDA – Cash EBITDA for the three months to 30 June 2017 and on a last 12 months basis post 31 December 2015 is 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

Proforma LTM Cash EBITDA – Defined as Group Cash EBITDA for the twelve months ended 30 June 2017, further adjusted to include the Cash EBITDA contribution of the Tesch Group as if this acquisition had occurred at 1 July 2016

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

Investor Relations

Next Event

Third Quarter Results 23rd November 2017

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