

Garfunkelux Holdco 2 S.A.

Presentation of Q3-2017 Interim Results

November 23rd, 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 basis of the prior year comparisons captured in this presentation.
 - For the twelve months to September 2016, these are based upon a combination of the trading results of GH2 and the combined trading results of Metis Bidco Limited and Lowell Financial Services GmbH¹, given that GH2 acquired both Metis Bidco Limited and Lowell 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 Lowell Financial Services GmbH.

¹ During Q3-17, GFKL Financial Services GmbH changed its registered name to Lowell Financial Services GmbH

Agenda

- 1 | Q3-17 Highlights In The Context of Our Strategy
- 2 | Acquisition of Carve-out Business from Intrum
- 3 | Outlook
- 4 | Appendix

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



1. Q3-17 Highlights In The Context of Our Strategy

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

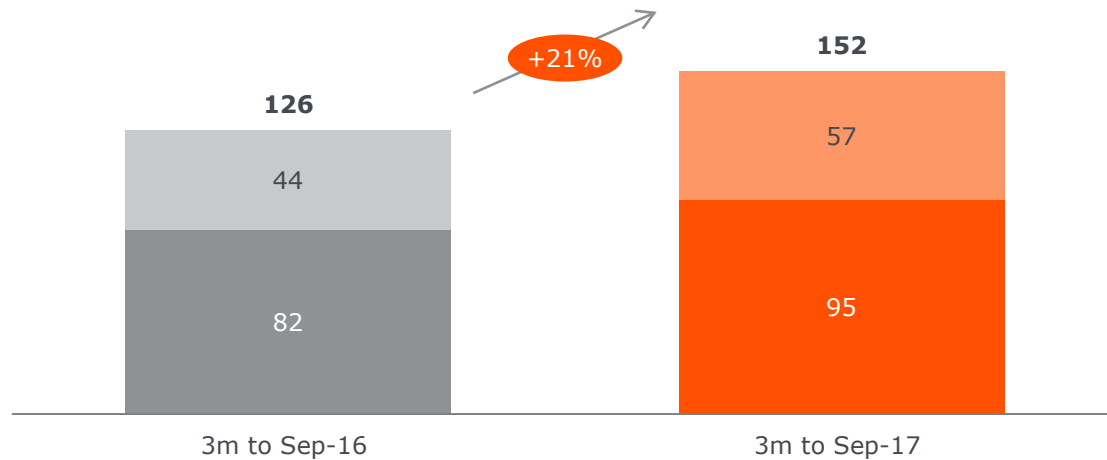


- > Development of sustainable competitive advantage in chosen markets to facilitate continued growth
- > Provides for downside protection
- > Meaningful contribution from capital-light 3PC servicing
- > Leverage geographic footprint
- > Strength of origination capabilities
- > Sophisticated data analytics 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
- > Consumer centric approach embeds deeper consumer and client relationships
- > Driver of long-term sustainable value creation

Top-line Growth Continues in Q3

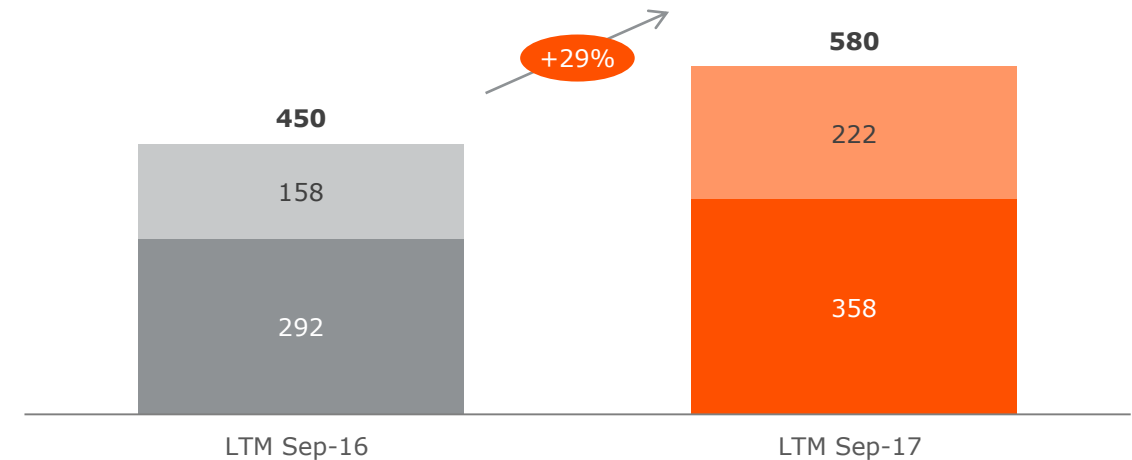
- 21% increase in Cash Income for the 3 months to Sep-17 versus prior year
- LTM Cash Income growth delivered through 23% increase in gross cash collections from assets owned and 60% increase in amounts earned from management of debt on behalf of third parties

Cash Income (£m)



■ UK ■ DACH

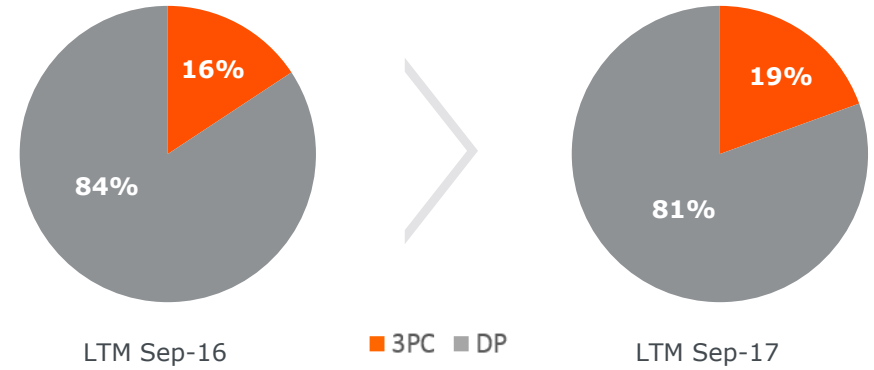
LTM Cash Income (£m)



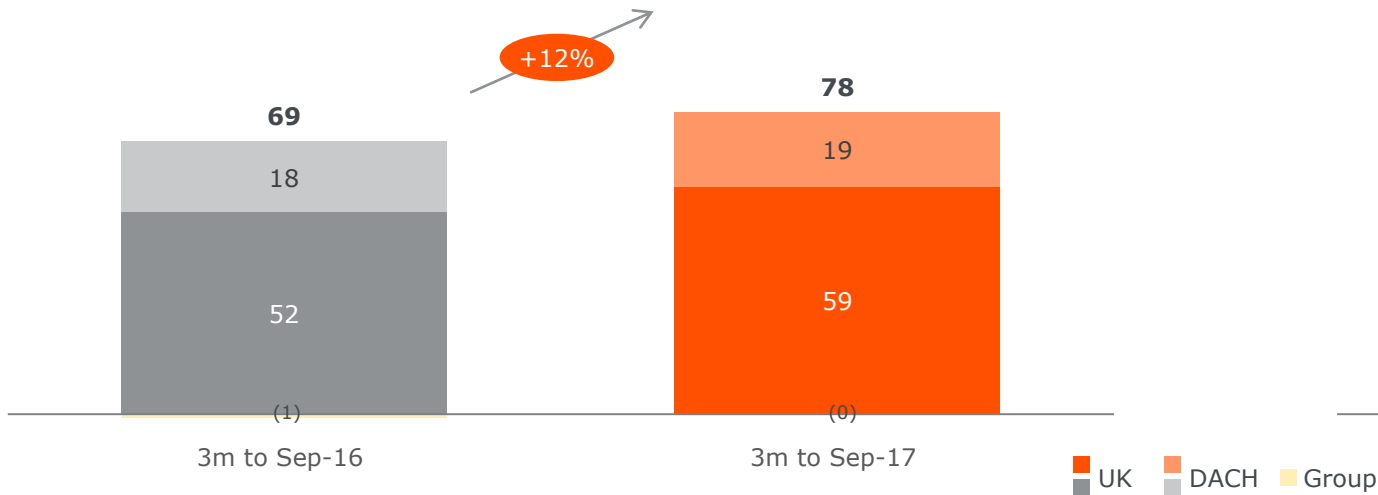
Cash EBITDA Growth Readily Apparent Year-on-Year

- Cash EBITDA for the last 12 months to Sep-17 of £293m is £47m, 19% higher versus prior year
- Slight softening of Cash EBITDA margin on a LTM basis year-on-year is reflective of increased contribution of 'capital-light' 3PC revenue

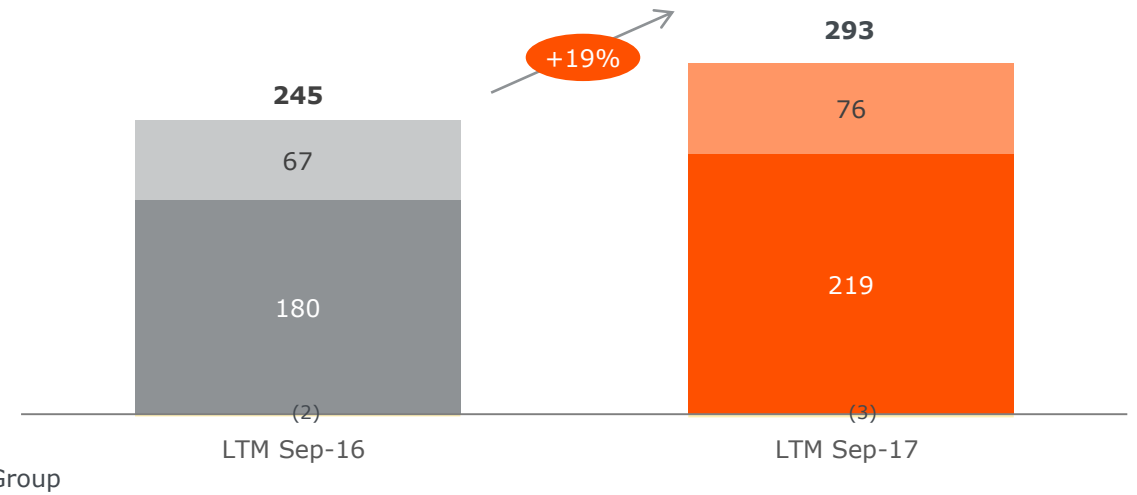
Group LTM Cash Income Split



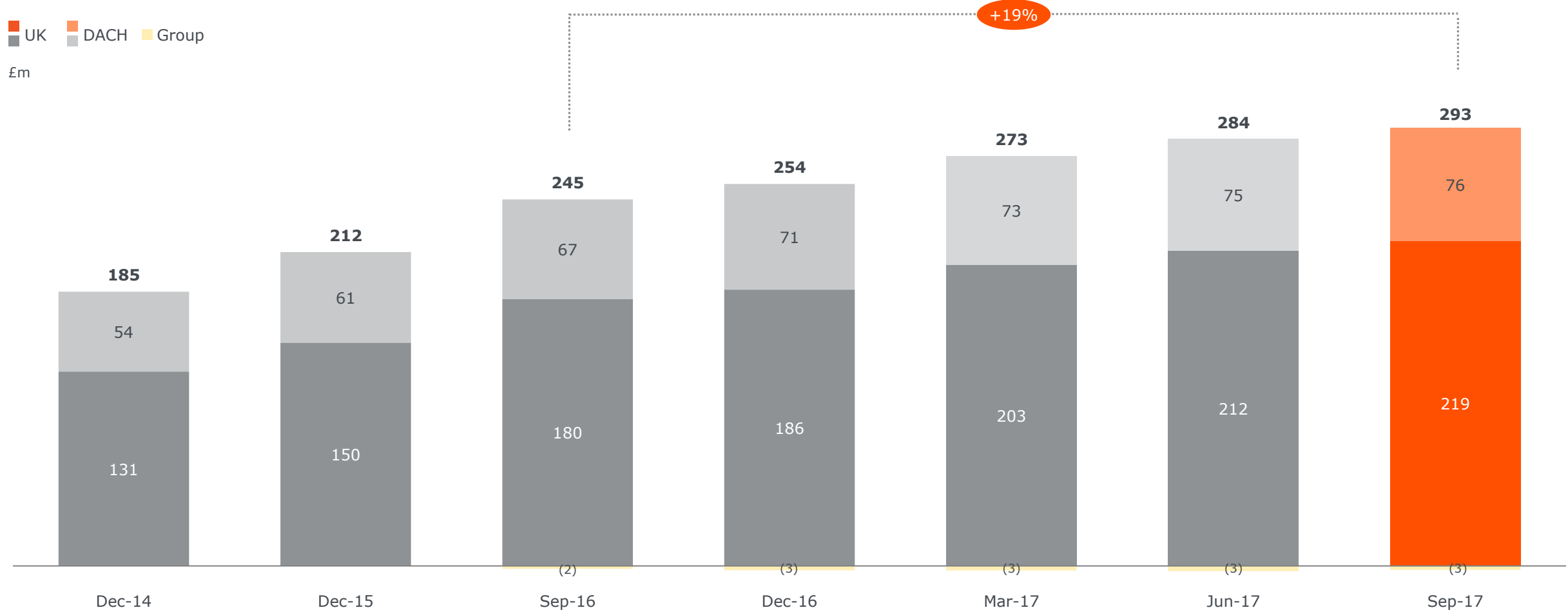
Cash EBITDA (£m)



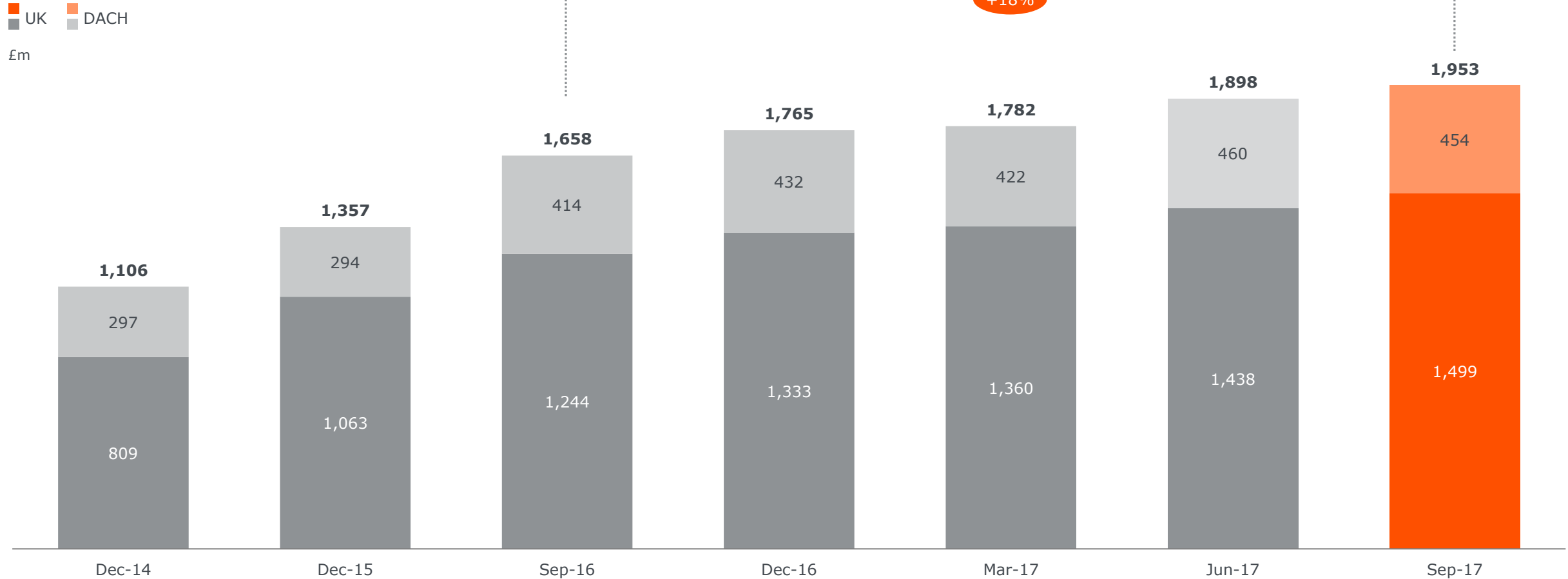
LTM Cash EBITDA (£m)



Track Record of Cash EBITDA Growth Over Medium Term

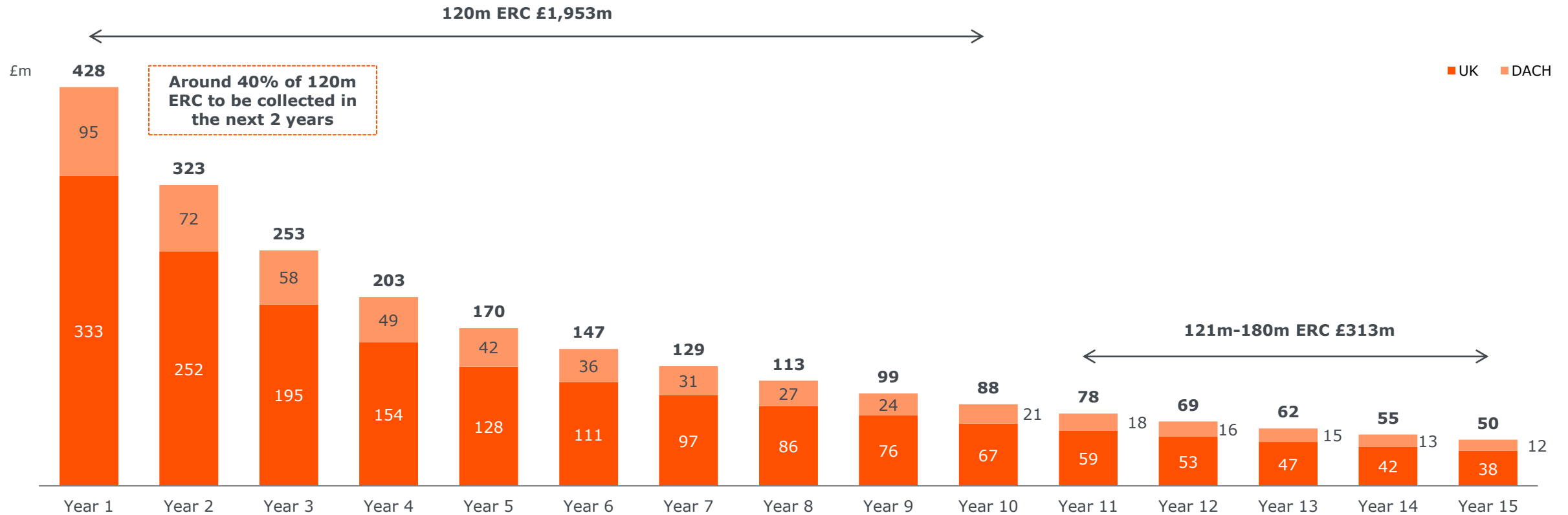


Track Record of 120m ERC Growth Over Medium Term



ERC Profile Shows Both Prompt Cash Conversion and Value After Year 10

- Upfront nature of our collection profile provides lower collection risk with £0.75bn to be collected across the next 24 months
- Estimated collections across months 121-180 represent an additional £313m, an uplift of 16% to the 120m ERC



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

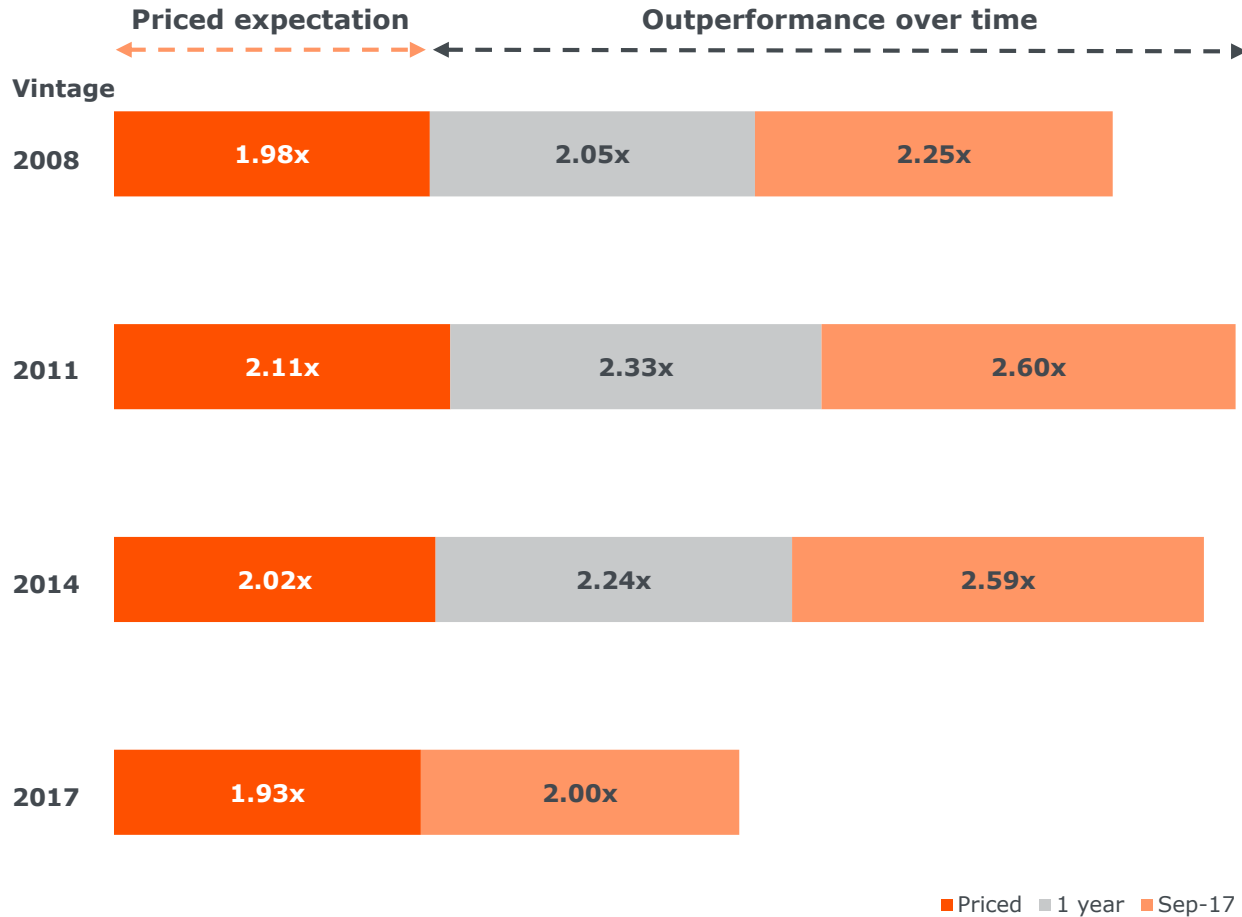
Track Record of Prudent Forecasting Through The Cycle

- Disciplined and prudent forecasting with collections exceeding forecast by an average of 6% over the last 10 years



¹ Actual collections for the 9 month period only to Sep-17

Track Record of UK Gross Money Multiple Accretion



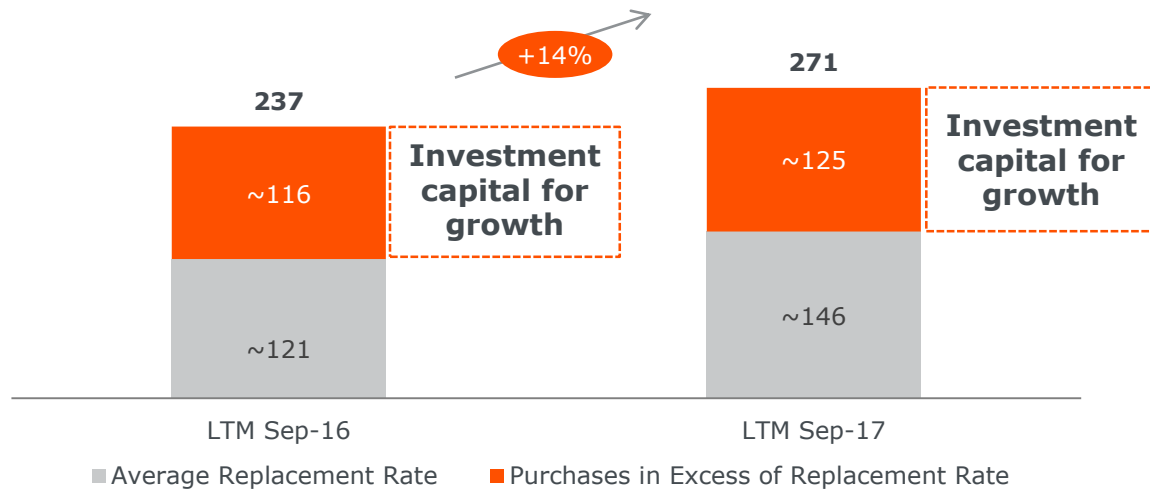
- Consistency of priced expectations reflects disciplined approach to pricing and investments
- Priced GMMs will naturally vary reflecting mix of assets acquired in any particular vintage
- Application of data insight and constant innovation delivers outperformance and enhances returns as vintages mature and data sets grow

Notes: Priced – GMM at pricing. Based on initial 120m only priced collection expectation
 1 year – GMM reflects the updated performance of the vintage 1 year on, on a static 120m basis
 Sep-17 – GMM reflects the performance of the vintage as at Sep-17, taking actual gross cash collections to Sep-17 and ERC for the balance on each portfolio up to 120 months

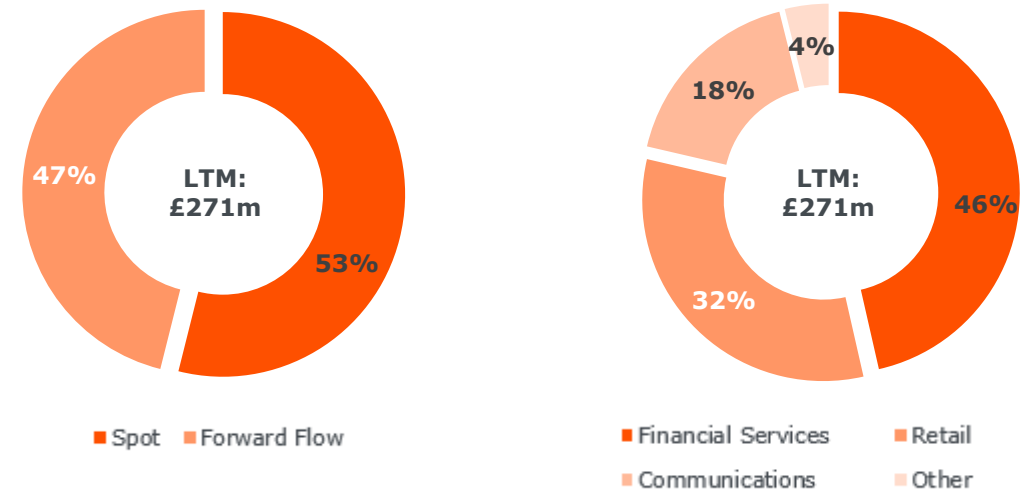
Investment Value of NPL Acquisitions In Excess of Replacement Rate

- £125m of investment capital in excess of average replacement rate¹ will facilitate further growth
- Acquired 337 portfolios, from 70 clients, across all major unsecured sectors in the LTM to Sep-17
- 14% increase in acquisitions on LTM basis to £271m² - 47% of which were from mutually beneficial Forward Flow relationships

NPL Portfolio Acquisitions (£m)



LTM Acquisition Mix (%)



¹ Average replacement rate reflects the average rate calculated across the current and previous LTM periods

² Versus prior year

Track Record Of Delivering Leverage Reduction

As at 30th Sep-17

£m

Senior Secured Net Debt	1,177
Net Debt	1,407
Gross Debt	1,496

LTM Cash EBITDA

293

Group Gross ERC¹

2,027

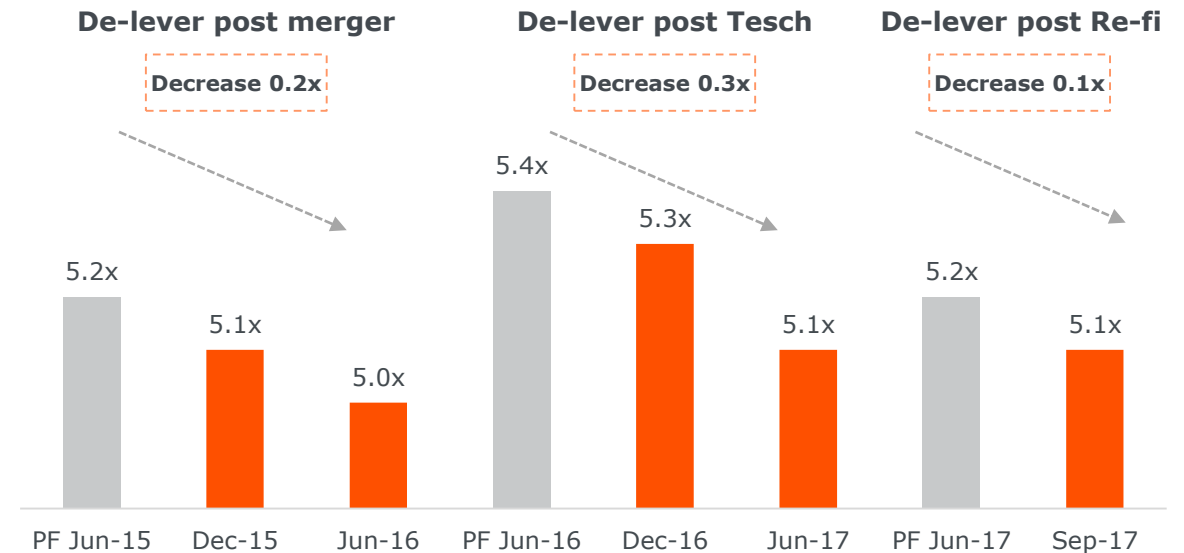
Leverage Metrics

Senior Secured Net Debt / LTM Cash EBITDA	4.0x
Net Debt / LTM Cash EBITDA	4.8x
Net Debt / Group Gross ERC ¹	69%
Gross Debt / LTM Cash EBITDA	5.1x

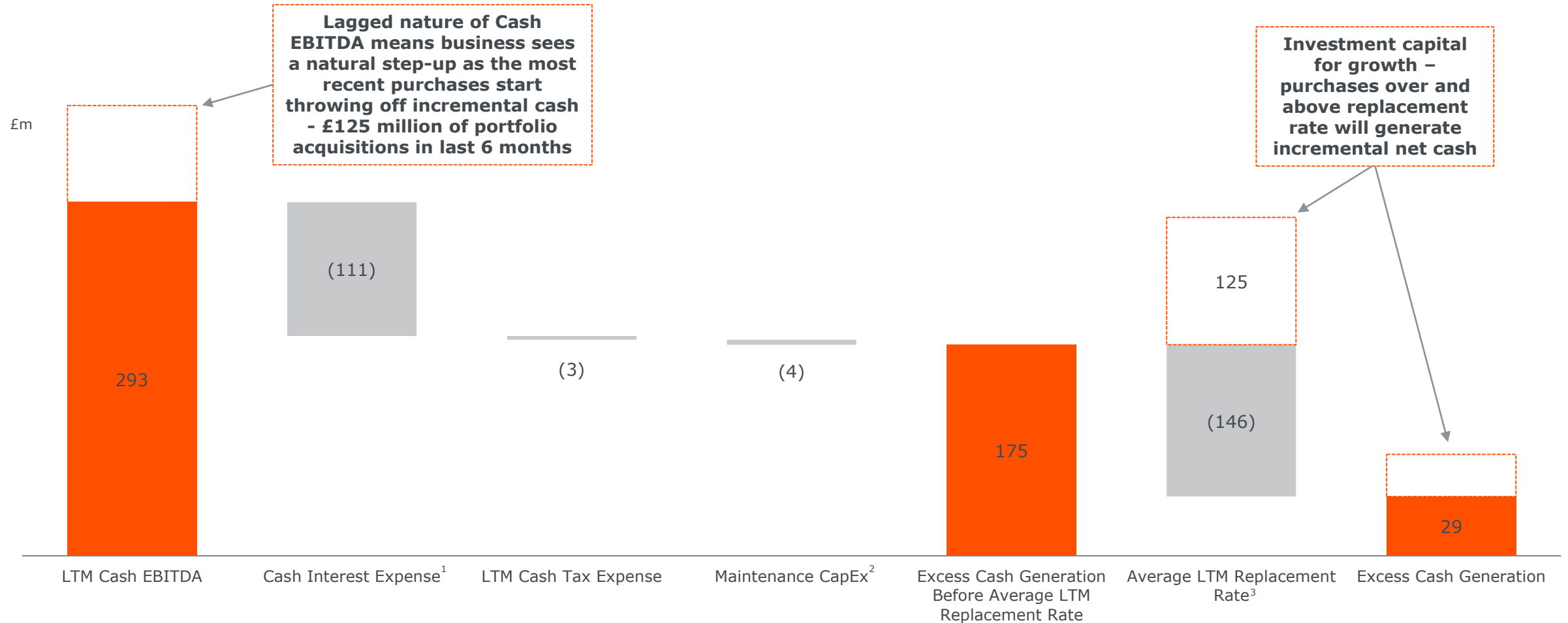
¹ Group Gross ERC defined as Lowell 120m ERC (£1,499m) + DACH 180m ERC (£528m)

- Successful €415m high yield bond re-finance during Q3-17
- Net Debt includes £14m drawn of incremental funding under an existing securitisation facility
- WACD reduced to 7.4% at Q3-17 from 7.9% at Q2-17
- Medium term guidance of sub 4.5x net leverage remains

Gross Debt To Cash EBITDA – Cumulative 0.6x Improvement



Business Continues To Generate Free Cashflow With High Confidence of Increasing Quantums



Note - Graph not to scale and is provided on an illustrative basis

¹ Cash Interest Expense reflects the pro forma Cash Interest payable on debt items (excluding interest accrued on the shareholder loan as non-cash) as at Sep-17 for the next 12 months

² Maintenance CapEx as disclosed in the September 2017 Offering Memorandum

³ Average replacement rate represents the average replacement rate across the LTM to Sep-17 and LTM to Sep-16



2. Acquisition Of Carve-out Business from Intrum

Acquisition of Leading Pan-Nordic CMS Platform With Significant Scale

Acquisition At A Glance

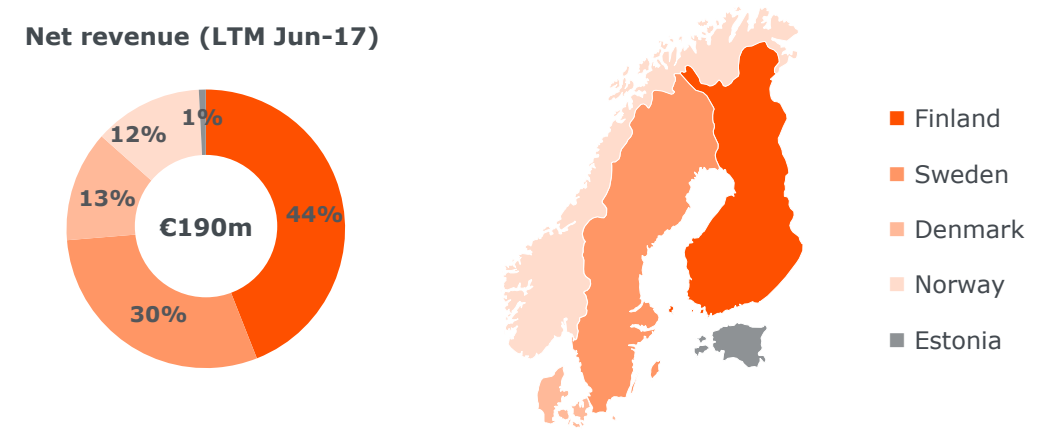
- Comprises Lindorff's entire business in Denmark, Estonia, Finland and Sweden as well as Intrum Justitia's entire business in Norway
- Pan-Nordic presence with leading position in each market
- Integrated business model providing solutions along the CMS value chain (Debt Collection, Debt Purchasing, Value Added Services)
- Strong collection capabilities across sectors with particular focus on FS
- Established player with a long history – businesses formed in 1997 or earlier
- Strong culture of compliance and innovation, based on fair collections and customer satisfaction

Key Facts & Figures (LTM Jun-17)

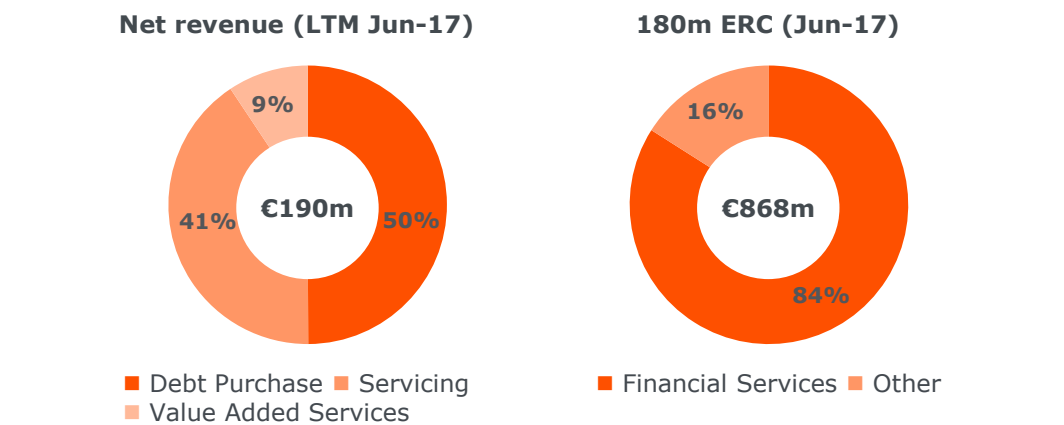


¹ Before Group management costs and non-recurring items

Unique Pan-Nordic Platform



Balanced Business Mix



Compelling Strategic Rationale

Growth & Market Leadership

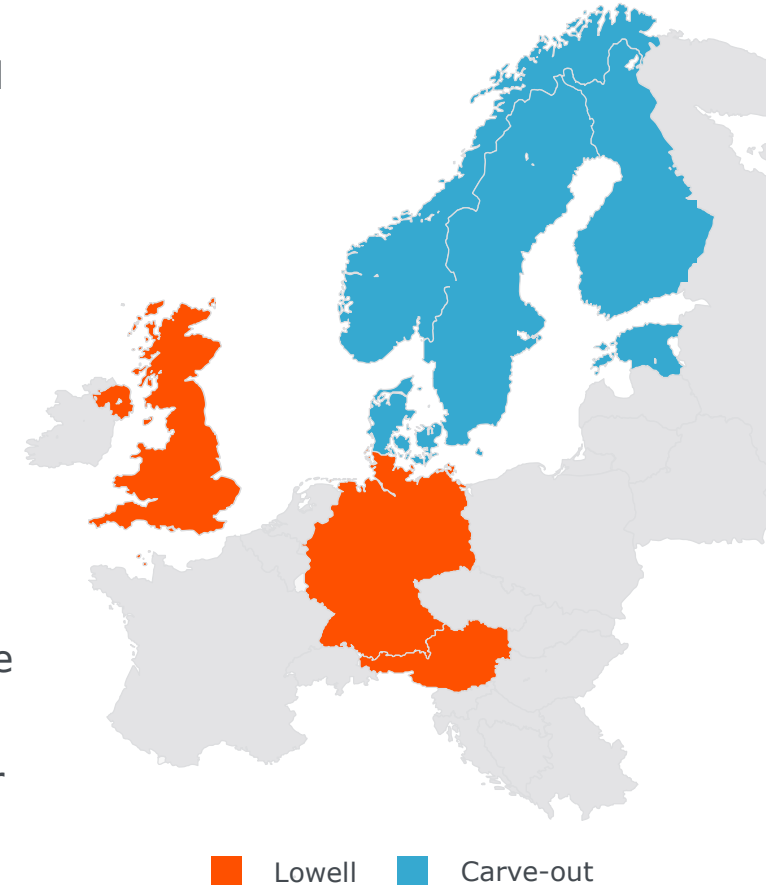
- The transaction creates one of the largest CMS providers in Europe and makes Lowell a market leader across the Nordic region
- Re-enforces our strategy to have leadership in strong markets
- Adds a powerful third pillar alongside the UK and DACH

Diversification

- Further rebalances Lowell's business mix between DP and 3PC, with a pro forma Cash Income 3PC contribution increasing from 19% to 25%¹
- Provides exposure to mature and sophisticated Nordic markets

Shared Culture & Approach

- Carve-out Business is a highly-regarded franchise that follows the same code of ethics in terms of doing business as Lowell
- Both companies share similar cultures and approach towards consumer focus, data analytics and client centricity

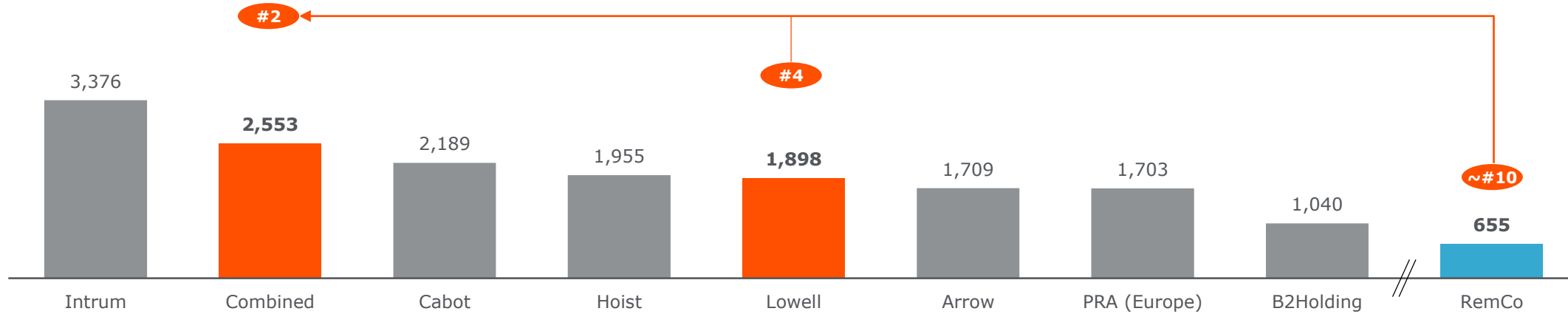


An Attractive Opportunity Fully Aligned With Lowell's Strategic Objective

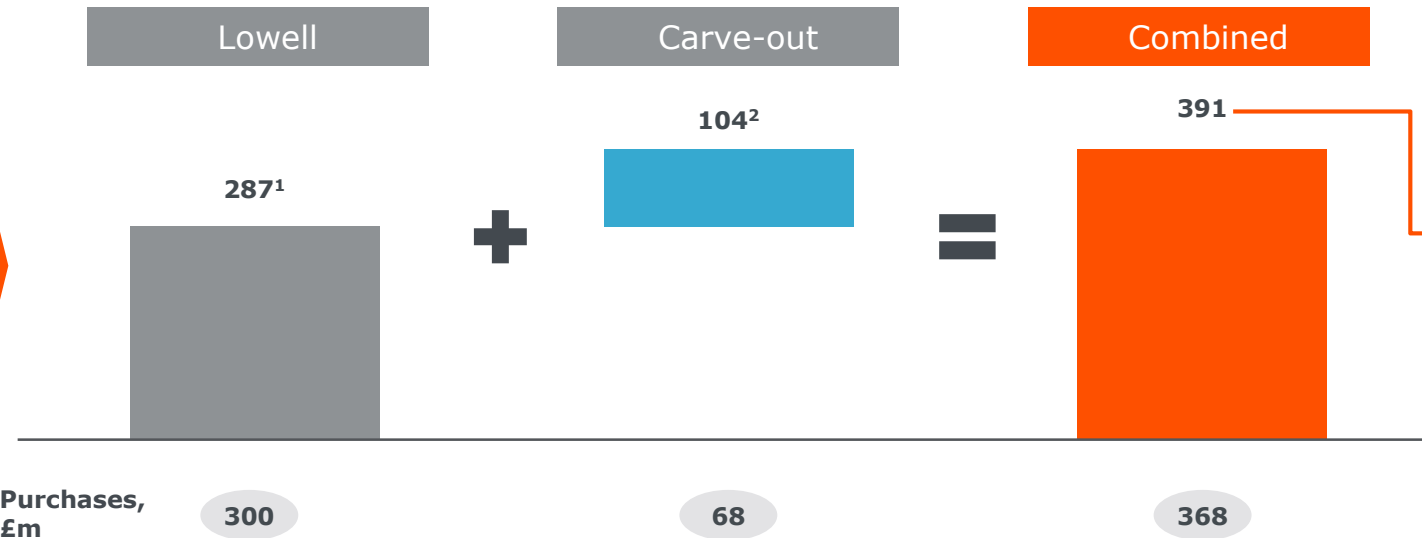
¹ Pro forma as at Jun-17

Combination Creates A European Leader

120m ERC
Jun-17 £m



Cash EBITDA
LTM Jun-17
£m



#1 competitor to Intrum with similar business profile

Intrum	683
#2 Combined	391
Hoist	282
Cabot	269
Arrow	206
Kruk	160
B2Holding	137

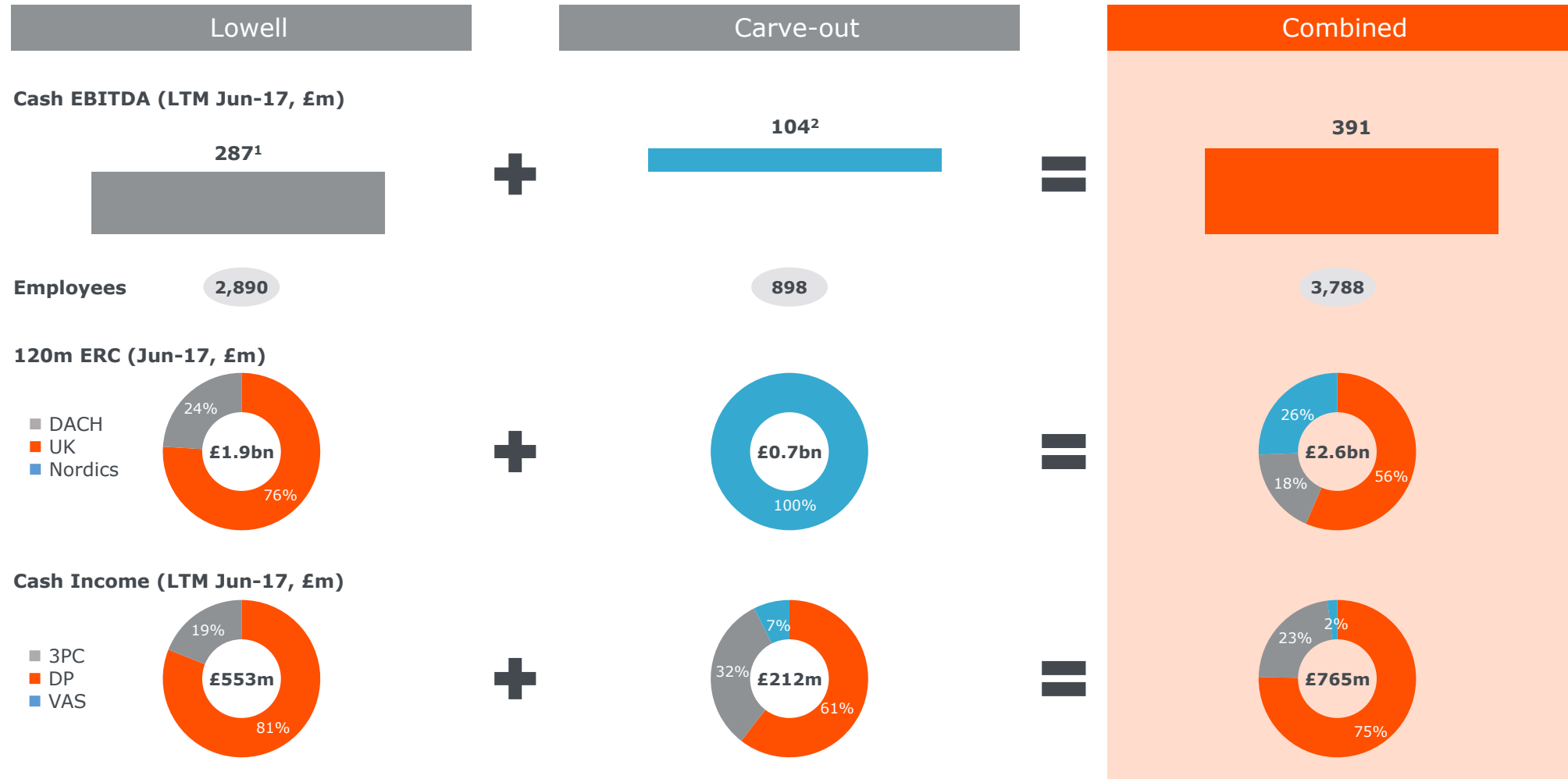
FX rates applied as of 30 June 2017; SEK:GBP 0.0913, USD:GBP 0.769, PLN:GBP 0.208, NOK:GBP 0.0919 and EUR:GBP 0.879. ¹ Pro forma Cash EBITDA for the LTM Jun-17, further adjusted to include the Cash EBITDA contribution of Tesch as if this acquisition had occurred at 1 July 2016. ² Before Group management costs and non-recurring items

Acquisition Adds Scale & Diversification To Our Platform

Creation of a European Leader

Footprint in most attractive European markets

Complementary Business Mix



¹ Pro forma Cash EBITDA for the LTM Jun-17, further adjusted to include the Cash EBITDA contribution of Tesch as if this acquisition had occurred at 1 July 2016. ² Before Group management costs and non-recurring items

3. Outlook

Continued Confidence In Our Metrics and Our Business Model

Gross ERC & Portfolio Investments Book Value

- We present Gross ERC as it represents the expected gross cash proceeds of our purchased debt portfolios
- It reflects the undiscounted cash value of our purchased debt portfolios at any point in time
- The value of portfolio investments as recorded on the balance sheet reflects the discounted value of the expected gross cash proceeds using each portfolio's specific EIR

Cash EBITDA & Accounting Profit

- We present Cash EBITDA¹ because we believe it may enhance an investor's understanding of the Group's strong cash-flow generation
- A reconciliation from Cash EBITDA to Operating Profit² is provided each quarter
- Operating Profit reflects the accounting for acquired portfolio investments under IAS39 (measured at amortised cost using the effective interest rate ("EIR") method) – Operating Profit consequently by construct reflects the unwind of the portfolio purchase price

¹ 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

² As disclosed in the interim financial statements

Outlook

Macro Context

- UK economic uncertainties further balanced by enhanced European scale and reach
- New region widens acquisition and placement pipeline, providing ever greater confidence as to new business and stability of earnings
- Carve-out Business' success in developing forward flows is highly complementary to Lowell and provides further visibility on future business

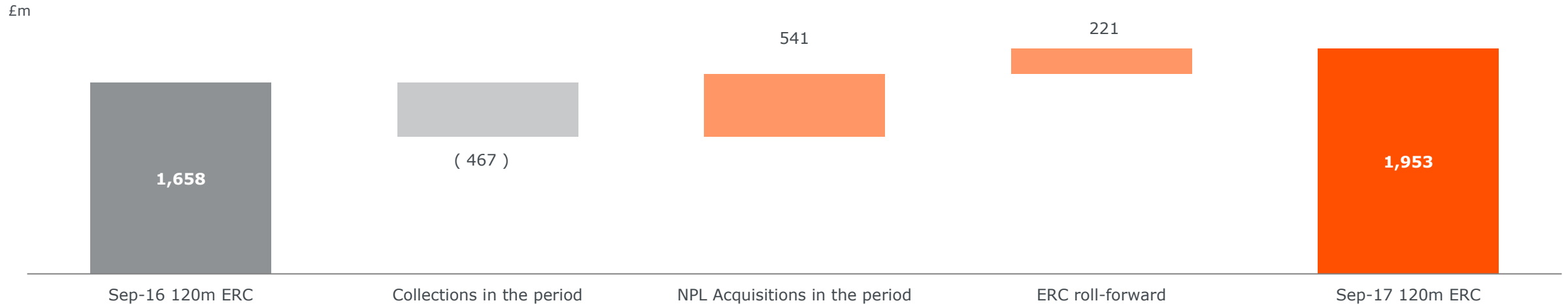
Remainder of 2017 and beyond...

- We continue to see strong momentum across the business
 - Group has delivered a further quarter of double-digit percentage growth
 - A positive start to the fourth quarter – October was a new record month for UK collections
- Our disciplined approach to pricing and capital deployment remains core – we enter the final quarter of the year with line of sight of contractually committed purchases in excess of £250m¹

¹ Across Q4-17, out to FY21

4. Appendix

ERC Roll-Forward



- NPL Acquisitions amount based upon LTM Sep-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 (Sep-16 closing rate EUR/GBP 0.861, Sep-17 closing rate EUR/GBP 0.881)

Backbook Performance

Portfolio Performance By Vintage (£m)

Portfolio Acquisitions¹

Vintage	UK	DACH
2004	16	7
2005	32	2
2006	41	12
2007	57	49
2008	62	7
2009	63	64
2010	61	14
2011	74	10
2012	111	22
2013	111	26
2014	154	41
2015	205	37
2016	229	78
2017	130	31
Total	1,346	399

Portfolio Maturity

13 years
12 years
11 years
10 years
9 years
8 years
7 years
6 years
5 years
4 years
3 years
2 years
1 year
< 1 year

¹ 2004-2015 portfolio acquisitions as reported in the September 2016 Offering Memorandum

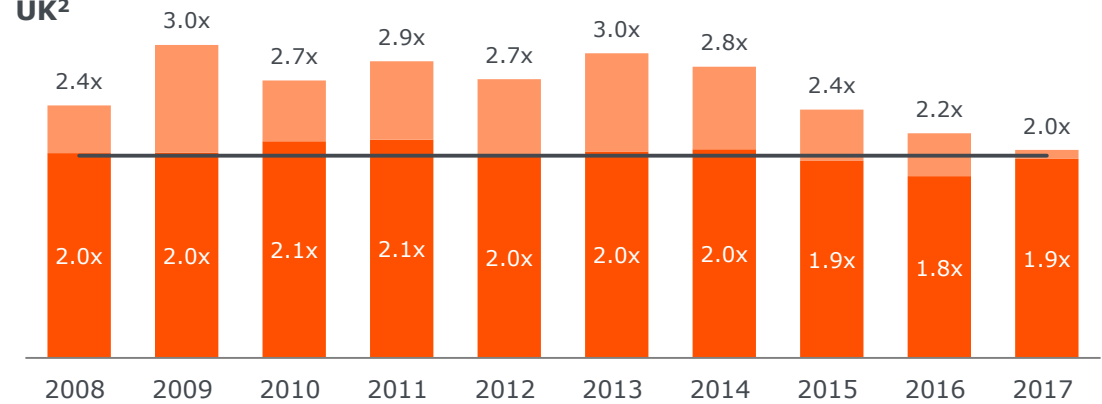
² UK based on 120m ERC. GMM at pricing based on initial 120m only priced collection expectation

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

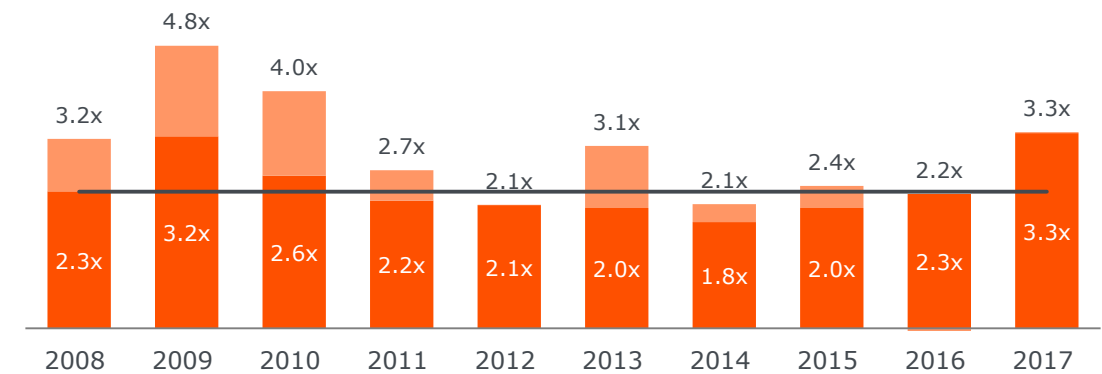
⁴ Current GMM is calculated using actual collections to Sep-17, plus estimated remaining collections across the next 120m (UK) and 180m (DACH)

GMM Per Vintage – Pricing vs Current⁴

UK²



DACH³



■ GMM at pricing
 ■ Current GMM
 — Avg. GMM at pricing

Net Debt and Borrowings

Net Debt as at 30th Sep-17 (£m)

Bond Principal

€415m Senior Secured Notes EURIBOR +3.5%	366
€365m Senior Secured Notes 7.5%	322
£565m Senior Secured Notes 8.5%	565
£230m Senior Notes 11%	230

RCF Drawings and Other

EUR Drawn RCF	0
GBP Drawn RCF	0
EUR Other ¹	14

Cash²

Cash in Garfunkelux Holdco 2 S.A.	89
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Senior Secured Net Debt	1,177
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Net Debt	1,407
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Gross Debt	1,496
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Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
EUR m	415	Senior secured notes	01-Sep-23	EURIBOR + 3.50%	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

Revolving Credit Facility (RCF)

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

¹ Includes £14m drawn under an existing securitisation facility

² Includes restricted cash of £30m

Reconciling Cash EBITDA To Normalised Profit

Cash EBITDA to Reported Interim Performance

	£m
Cash EBITDA for the 3 months to Sep-17	78
<i>Reconciliation adjustments to derive Operating Profit;</i>	
Conversion from Cash Income to L&R Revenue	(35)
Depreciation and amortisation	(5)
Non-recurring costs / exceptional items, net of exceptional income	(5)
Operating profit for the 3 months to Sep-17	32
Net finance costs	(53)
Loss before tax for the 3 months to Sep-17	(21)

Normalised Profit

	£m
Loss before tax for the 3 months to Sep-17	(21)
<i>Add back;</i>	
Non-recurring costs / exceptional items, net of exceptional income	5
Interest payable on Shareholder Loan ¹	7
Finance costs relating to redemption of €405m FRN ²	12
Normalised Profit for the period, before tax	3

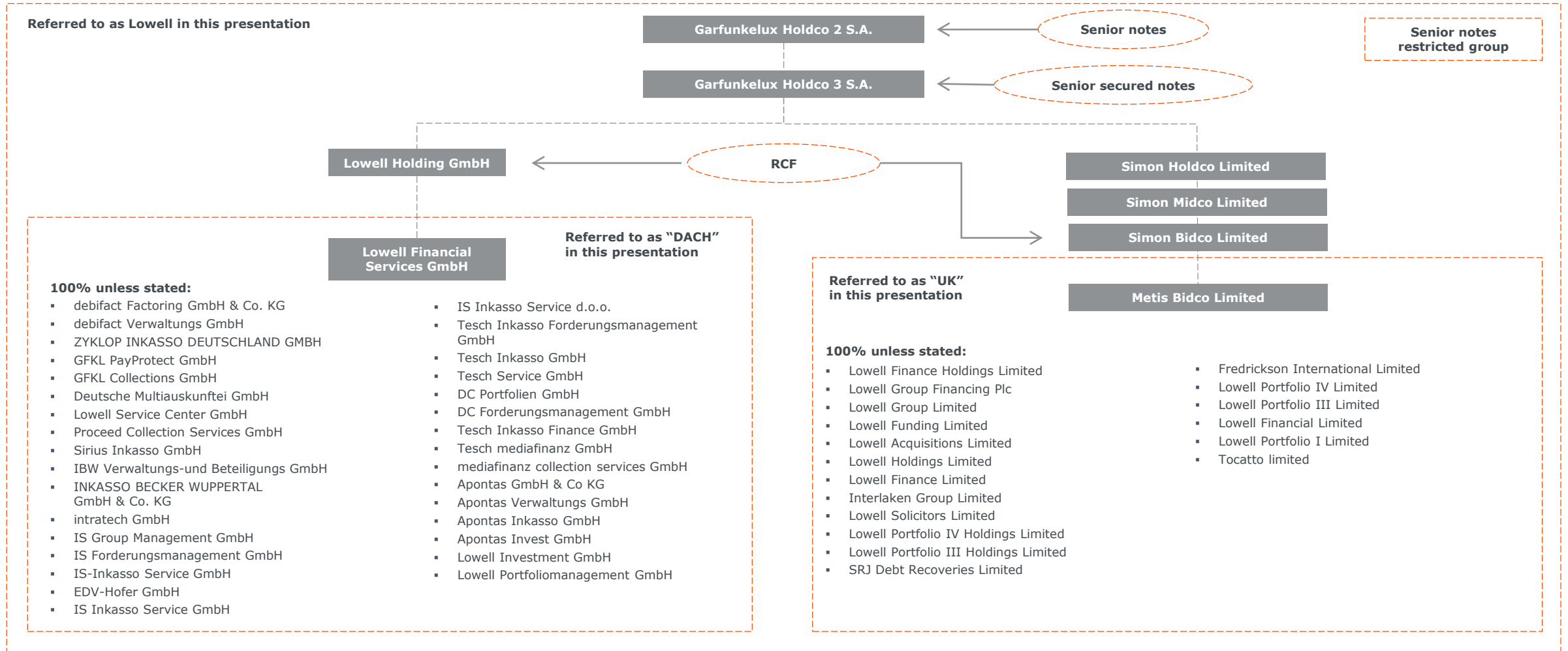
¹ Interest payable on Shareholder Loan added back as non-cash in nature and given the underlying instrument is in-effect quasi-equity (reflective of PE structure)

² Includes finance costs which were previously amortised and now fully released to the Income Statement following redemption of the €405m FRN in the quarter

Year-To-Date Group Operating Profit

Continuing operations, £m	Garfunkelux Holdco 2 S.A. 9 months to 30 September 2017	Garfunkelux Holdco 2 S.A. 9 months to 30 September 2016	Variance	V%
Revenue				
Income from portfolio investments	180	144	36	25%
Portfolio write up	85	72	13	18%
Portfolio fair value release	(2)	(3)	1	25%
Service revenue	126	113	13	12%
Other revenue	2	2	0	21%
Total revenue	391	328	63	19%
Other income	3	3	0	5%
Operating expenses				
Collection activity costs	(136)	(133)	(3)	(2)%
Other expenses	(157)	(106)	(51)	(49)%
Total operating expenses	(294)	(239)	(54)	(23)%
Operating profit	101	92	9	10%

Group Structure



Glossary

3PC	- Third Party Collection	FTE	- Full-time equivalent employees
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 'rolling' basis
Cash EBITDA	- Cash EBITDA for the three months to 30 September 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	IFRS	- International Financial Reporting Standards
Cash Income	- Cash collections from owned assets plus cash commissions received from assets serviced	LIBOR	- London Interbank Offer Rate
CMS	- Credit Management Services	LTM	- Last twelve months
DACH	- Germany, Austria and Switzerland	Net Debt	- Senior Secured Notes Bond principal plus Senior Notes Bond principal plus RCF drawn amounts plus Securitisation drawn amounts less Cash
DP	- Debt Purchase	NPL	- Non Performing Loans
EBITDA	- Earnings before Interest, Tax, Depreciation and Amortisation	PE	- Private equity
ERC	- Estimated Remaining Collections over 84, 120 or 180 months	Replacement Rate	- The estimated amount of purchases to maintain current Group ERC
EURIBOR	- Euro Interbank Offer Rate	RCF	- Revolving Credit Facility
FX	- Foreign exchange	WACD	- Weighted average cost of debt
FRN	- Floating Rate Notes	YoY	- Year on year

Next Event

FY17 Results 12 April 2018

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