

Garfunkelux Holdco 2 S.A.

Q2-18 Interim Results

August 29th, 2018

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Housekeeping

- This presentation captures the consolidated trading results of Garfunkelux Holdco 2 S.A. ("GH2") – the results are based on our management accounts and where appropriate, prepared in accordance with IFRS.
- We present cash metrics within this presentation as we believe it may enhance an investor's understanding of the Group's cash-flow generation.

Acquisition of the Carve-out Business

- On 20 March 2018, GH2 acquired 100% of the Carve-out Business.
- With regards to the accompanying unaudited interim financial statements; the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows capture the trading of the Carve-out Business for the three month period to 30 June 2018, whereas the prior year comparative captures the performance of the Extant Group only.
- As such, this presentation reports the year-on-year and quarter-on-quarter performance of the Group on a Pro Forma basis. This view has been captured to best enhance an investor's understanding of the increased scale of the Group going forward.

Restatement of prior year presentation

- Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications have no effect on the reported loss for the period.
- As a result of the adoption of IFRS 9 at 1 January 2018, an adjustment has been made to present Net portfolio write up within income for the 3 months to 30 June 2017. Previously, Net portfolio write up was presented within revenue and operating expenses.
- An adjustment has been made to the Consolidated Statement of Comprehensive Income for the 3 months ended 30 June 2017 to reclassify appropriate staff costs as collection activity costs.

Agenda

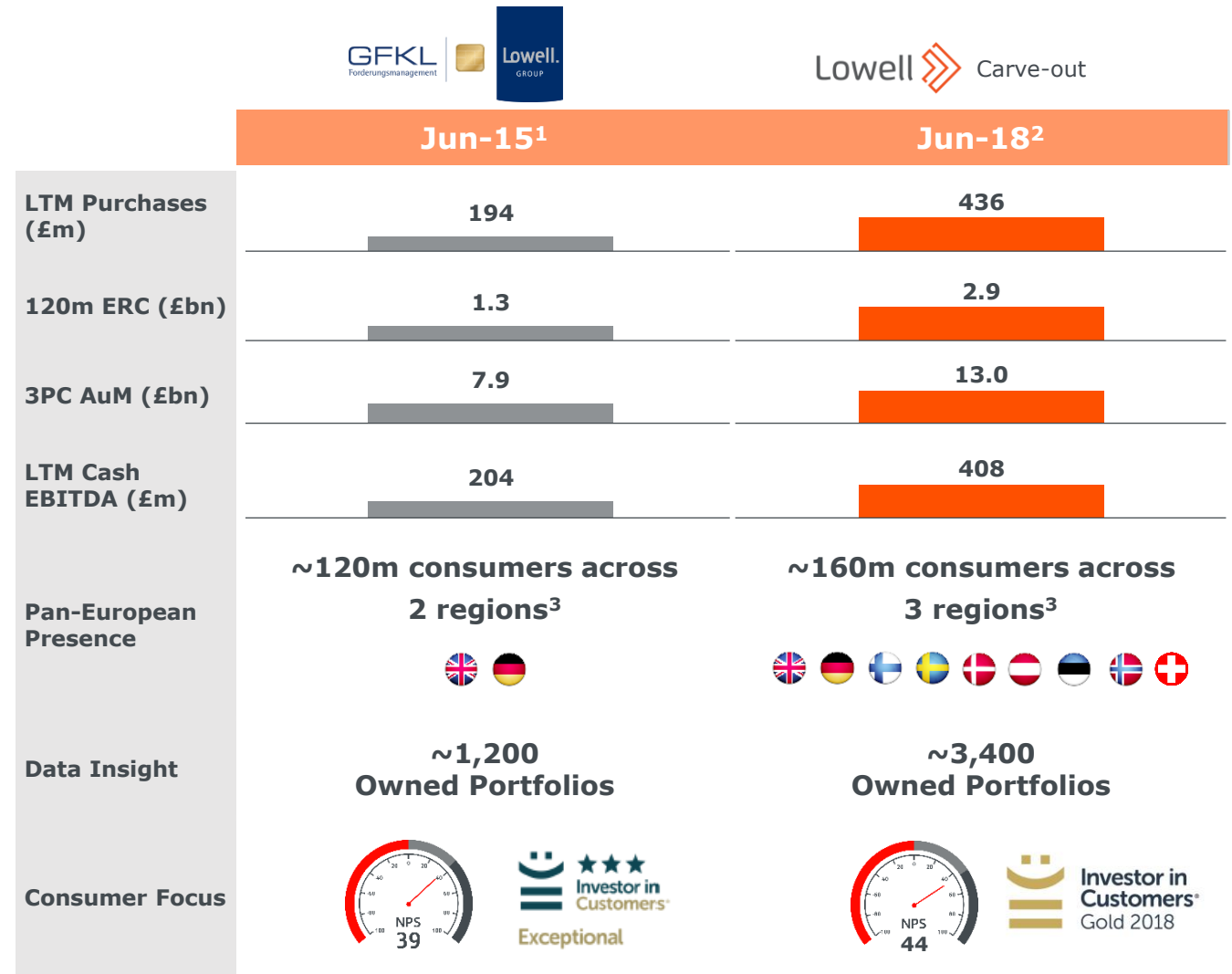
- 1 | H1 in Review
- 2 | Financial Performance
- 3 | Outlook
- 4 | Appendix

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

1. H1 in Review

Development of the Business In Line With Strategic Objectives

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



¹ Pro Forma for the merger of GFKL and Lowell ² Pro Forma for the acquisition of the Carve-out Business ³ Source: ec.europa.eu/eurostat; Populations as at 1 Jan 2017 of adults aged 18 or over in the respective regions

H1 in Review

Sustainable Growth

- Record run rate of NPL acquisitions seen in H1-18 – deploying capital for the long-term at returns in excess of our investment hurdles, whilst holding leverage broadly flat
- Significant embedded value within our back-book;
 - Return on DP of ~15%¹
 - ERC growth of 14% to £2.9bn²

Integration Activities

- Integration activities progressing well
- New cross border relationships helping to provide additional CMS opportunities
- Best practice sharing underway in order to leverage experience and know-how across the Group

Funding

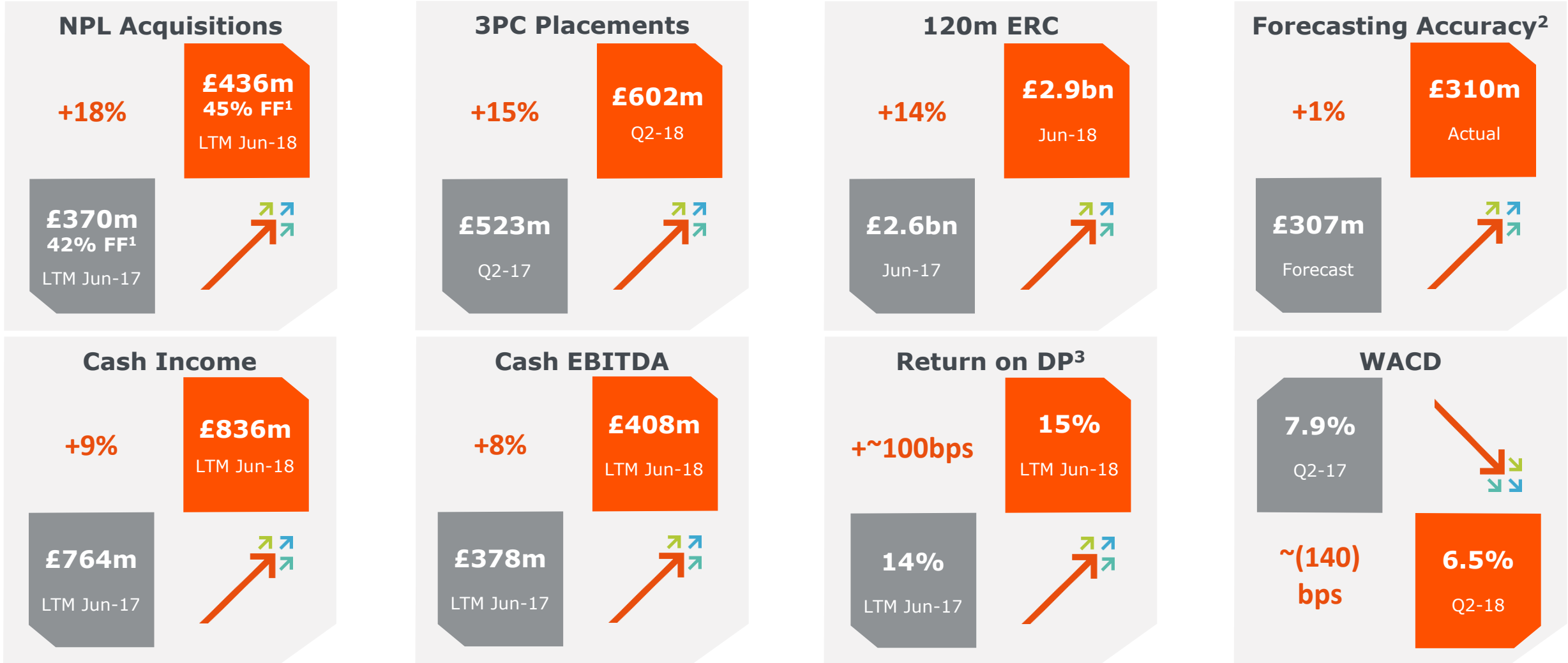
- WACD now stands at 6.5%, a reduction from 7.9% at Q2-17
- Continued efforts to diversify our sources of capital to optimise access to funding and cost of funds

¹ Extant Group only. ² Pro Forma for LTM Jun-18

2. Financial Performance

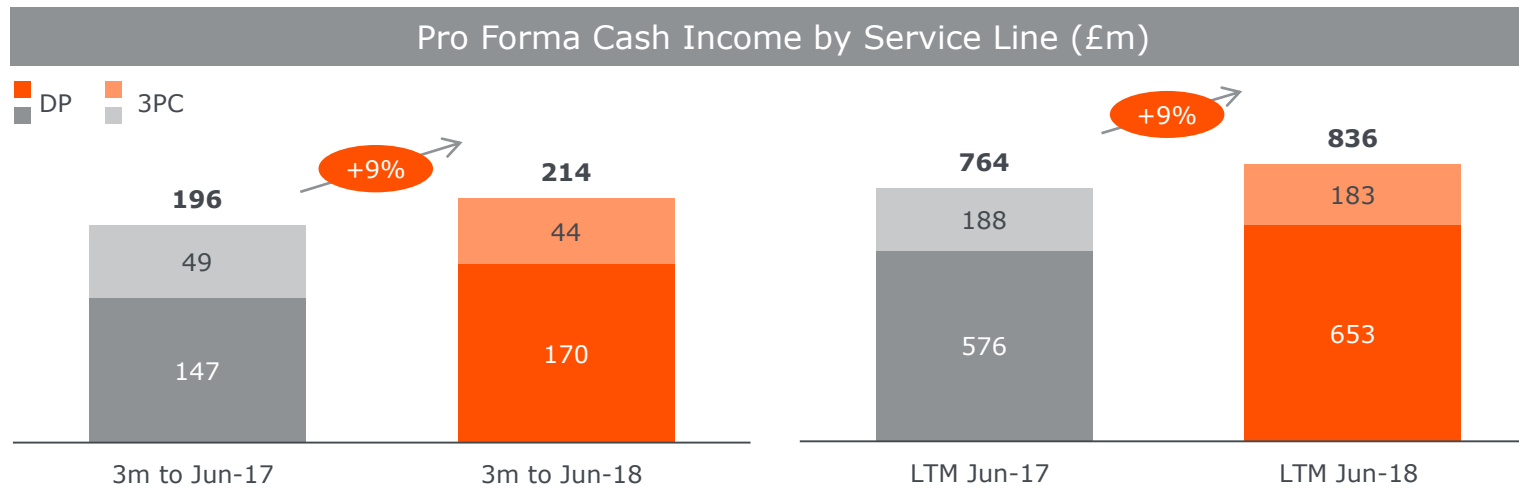
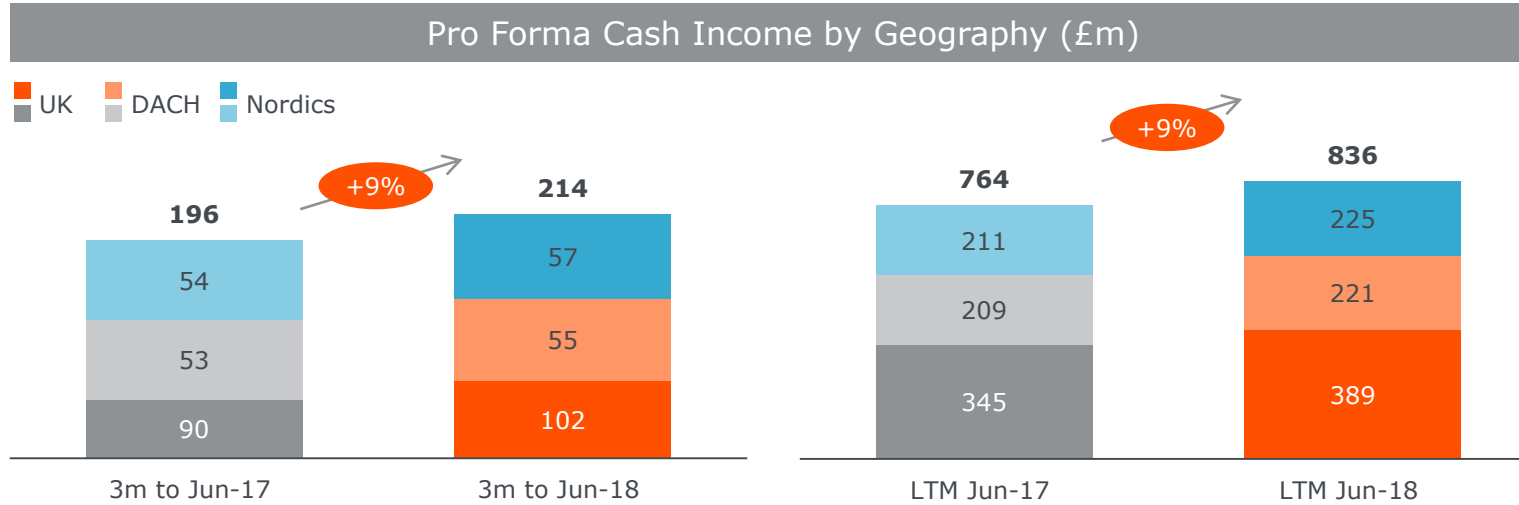
(Pro Forma basis)

Impressive Pro Forma Growth Once Again Evident



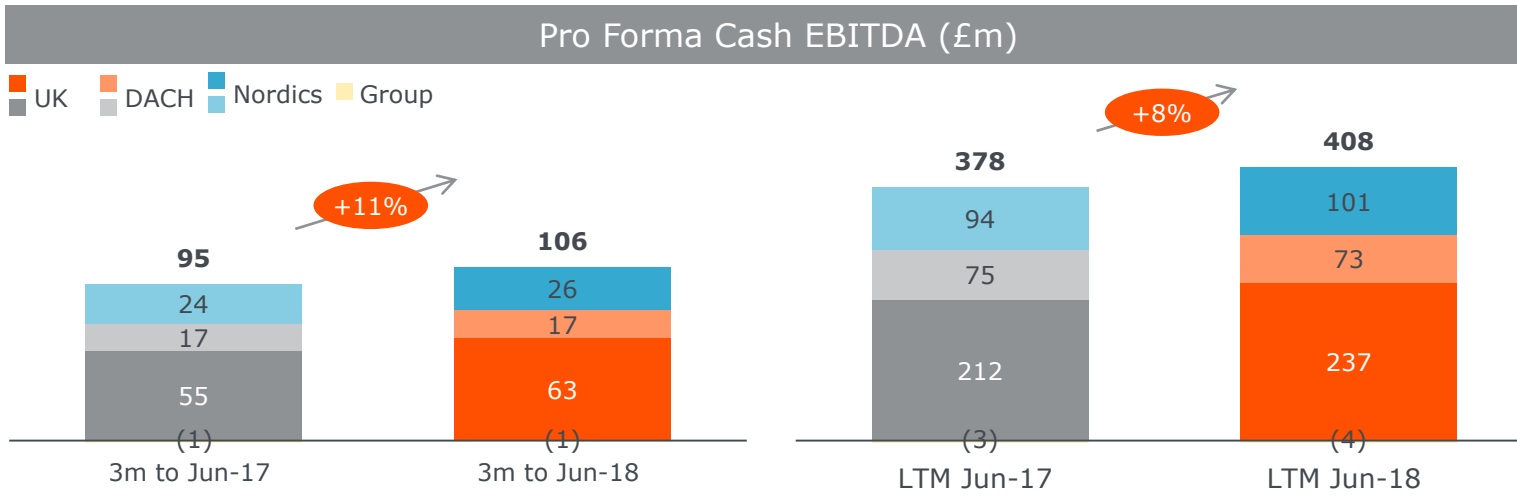
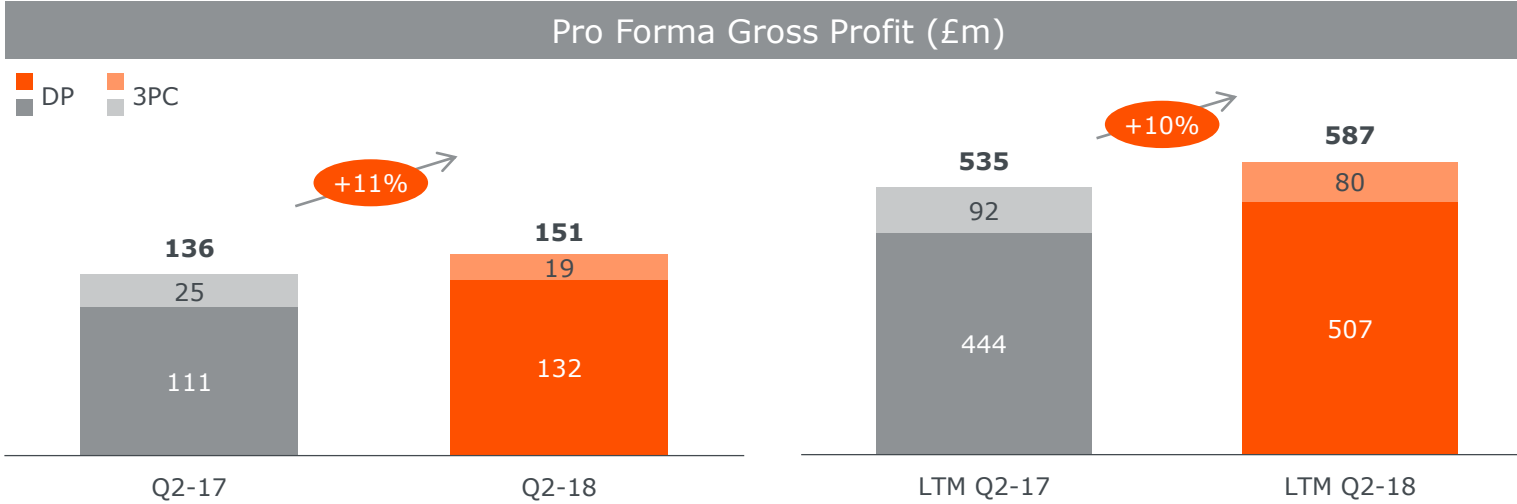
Note: Metrics presented on a Pro Forma basis unless otherwise stated ¹ Forward Flow ² Collection performance for six months to Jun-18 vs Dec-17 static pool for UK, DACH and Nordics ³ Extant Group only

Strong Cash Income Growth



- Benefits of diversified business demonstrated, with top-line growth across all three regions
- Organic growth clear with particular success evident in core UK DP market
- Slight softening of 3PC income contribution in line with expectations due to opportunities to 'flip' portfolios from 3PC into DP in the DACH region

Increased Earnings Apparent



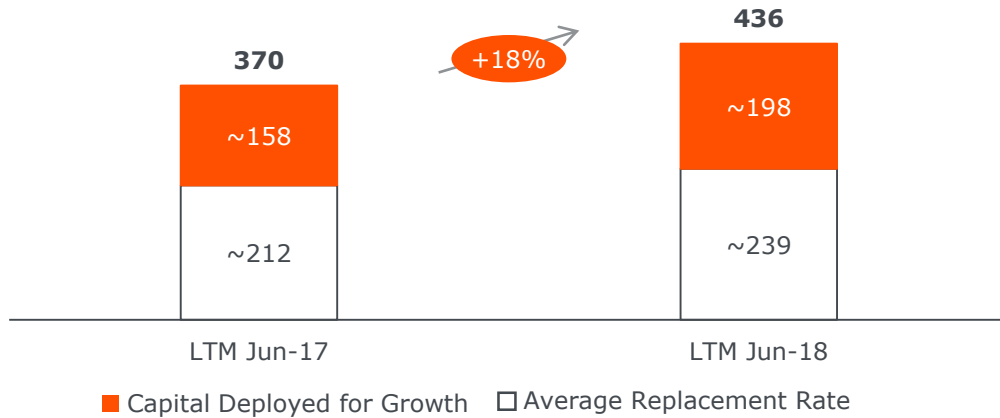
- Growth in both Gross Profit and Cash EBITDA driven by top-line growth in Cash Income
- DP gross margin increased from 77% to 78% year-on-year

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).

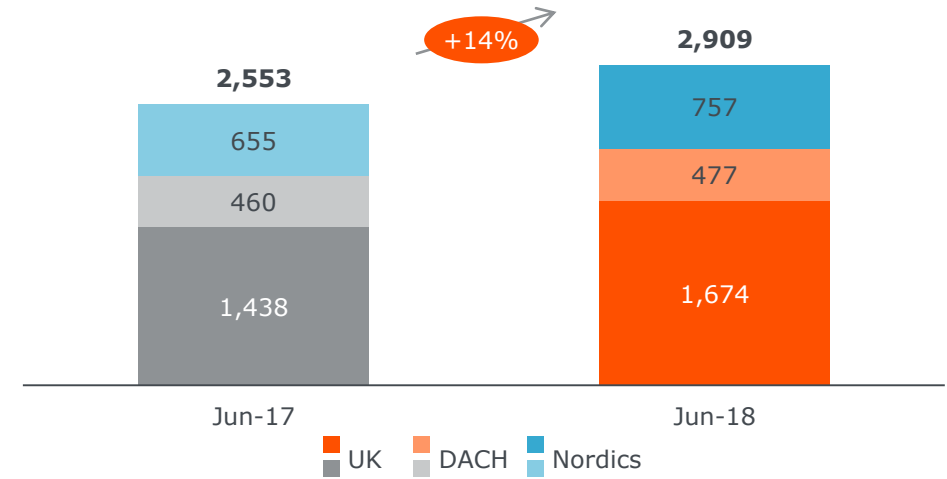
Investment Across Regions & Originating Sectors Enabling ERC Growth

LTM Pro Forma Portfolio Acquisitions (£m)

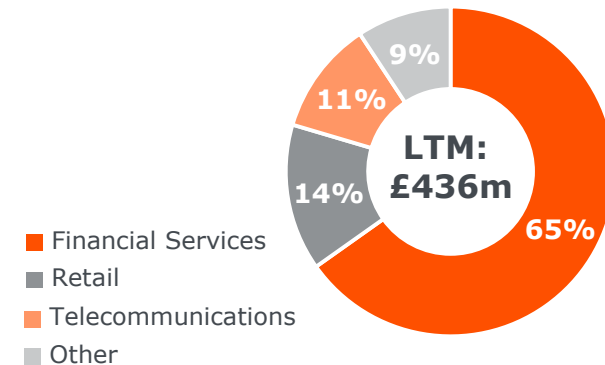
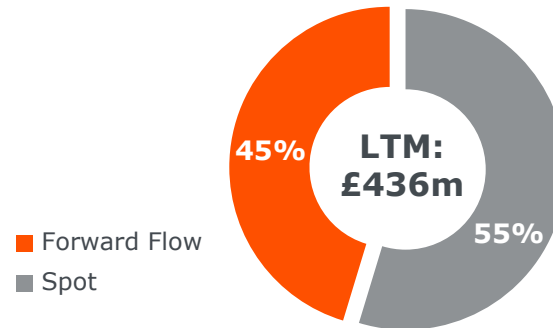
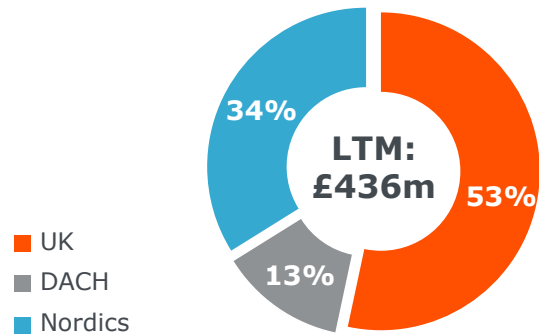
Significant Capital Invested for Growth



Pro Forma 120m ERC (£m)



Pro Forma Acquisition Mix (£m)

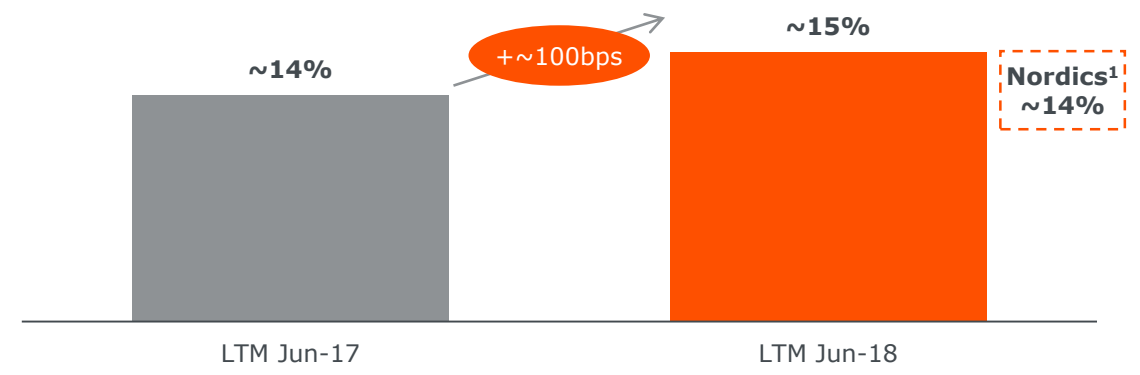


Attractive Back-book Returns With Widening Net Margin

Extant Group Gross Return on DP Back-book



Extant Group Net Return on DP Back-book

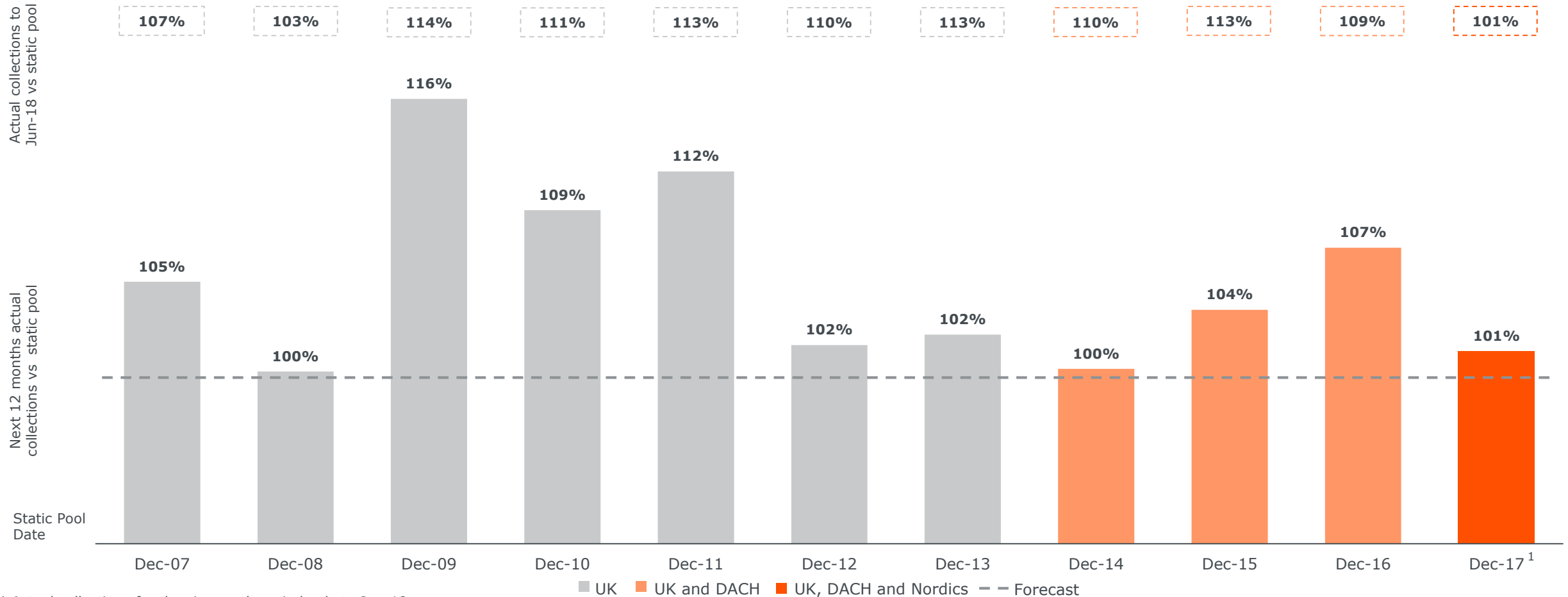


- Metric shows the return (or yield) we generate from our Portfolio Investments and the embedded value in our debt purchase back-book
- ~100bps improvement in net return to ~15%, consistent with gross margin improvement across the same period
- Demonstrates benefit of investing for the long term and deploying capital in a disciplined manner at attractive rates

Note: Gross Return on Debt Purchase Back-book calculated as Income from portfolio investments divided by the average of the opening and closing Portfolio investments balance sheet values for the period. Net Return on Debt Purchase Back-book calculated as Income from portfolio investments, less attributable Collection Activity Costs (as defined in the DP Gross Profit calculation), divided by the average of the opening and closing Portfolio investments balance sheet values for the period. ¹Nordics calculated on the same basis, using annualised Q2-18 reported numbers

Consistent Forecasting Accuracy

- Disciplined and prudent forecasting with collections continuing to outperform forecasts



¹ Actual collections for the six month period only to Jun-18

Leverage

£m	Jun-18
Senior Secured Net Debt	1,938
Net Debt	2,193
LTM Cash EBITDA	411¹
Senior Secured Net Debt / LTM Cash EBITDA	4.7x
Net Debt / LTM Cash EBITDA	5.3x

- Leverage broadly flat at 5.3x in line with expectations and public guidance. Medium term leverage guidance of below 4.5x
- Group remains well capitalised;
 - Recent increase in RCF commitments provides meaningful capacity; £199m² available to draw as at Jun-18
 - Cash on balance sheet of £68m³
 - Material underlying cash generation from operations of £90m in Q2-18
- Continue to explore and evaluate funding options to diversify sources

¹ Pro Forma LTM Cash EBITDA includes Pro Forma cost adjustments rolled forward as at June 2018, in line with disclosure in Offering Memorandum dated January 19, 2018. ² Calculated as €200m, plus 7.9% of the Group's 84m ERC, less amounts drawn as at Jun-18. ³ Unrestricted cash on balance sheet as at Jun-18.

3. Outlook

Nordic Integration Progressing Well

A Few Examples of What Has Been Delivered

Grow our Combined Business

First success in leveraging cross-border **client relationships**

Improve Net Collections

First joint **scorecard** development underway
Best practice sharing in **operations** set-up

Integration and Separation

Integration of **support functions**
Group wide **governance** implemented
IT separation plan finalised and agreed

What to Expect?

Full switch to **Lowell branding**

Continuing cross-border **client relationship** development

Group **digital** and **automatisation**

Turn best practice sharing into **delivery**

Cost synergies and group wide scale effects

Efficient **IT infrastructure** set-up

Conclude **TSA separation** activities

Lowell Remains Well Positioned For Future Success

Outlook

- Healthy consumer credit growth across our core markets will continue to provide long term CMS opportunities
- Stable and consistent returns expected reflective of opportunities in the market
- Continue to invest strategically, for the long-term good of the business
- Nordic integration progressing well with further areas of additional value creation identified
- Continued drive across the Group to realise benefits from improved insight, greater innovation and closer, more embedded client and customer relationships

Appendix

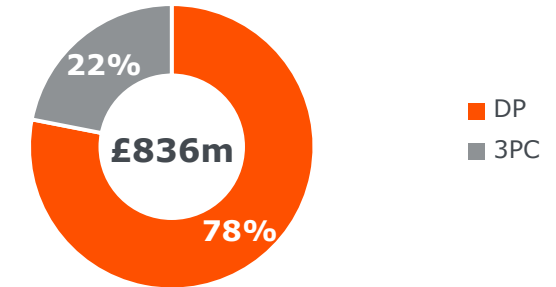
Regional Performance

Our Regional Performance

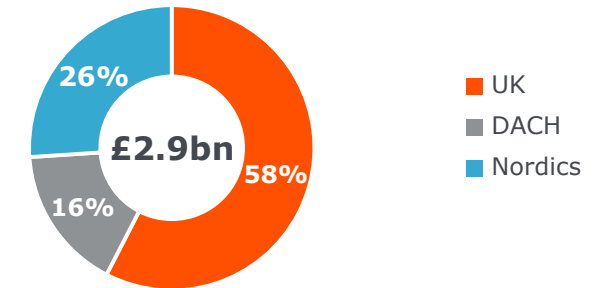
Geographies	£m	LTM Jun-17	LTM Jun-18	Var%
UK	120m ERC	1,438	1,674	+16%
	Cash Income	345	389	+13%
	Cash EBITDA	212	237	+12%
	Acquisitions	230	233	+1%
DACH	120m ERC	460	477	+4%
	Cash Income	209	221	+6%
	Cash EBITDA	75	73	(3)%
	Acquisitions	70	56	(20)%
Nordics	120m ERC	655	757	+16%
	Cash Income	211	225	+7%
	Cash EBITDA	94	101	+8%
	Acquisitions	70	148	+112%

Our Diversified Business as at Jun-18

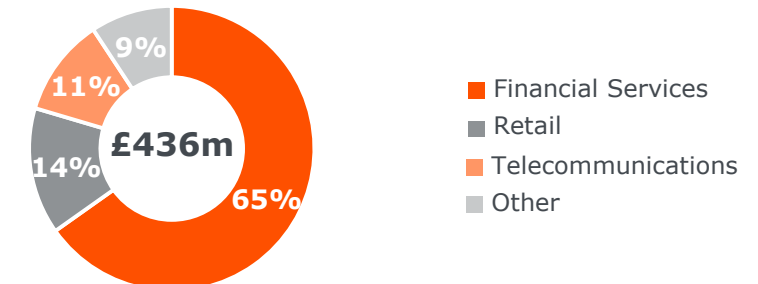
Cash Income



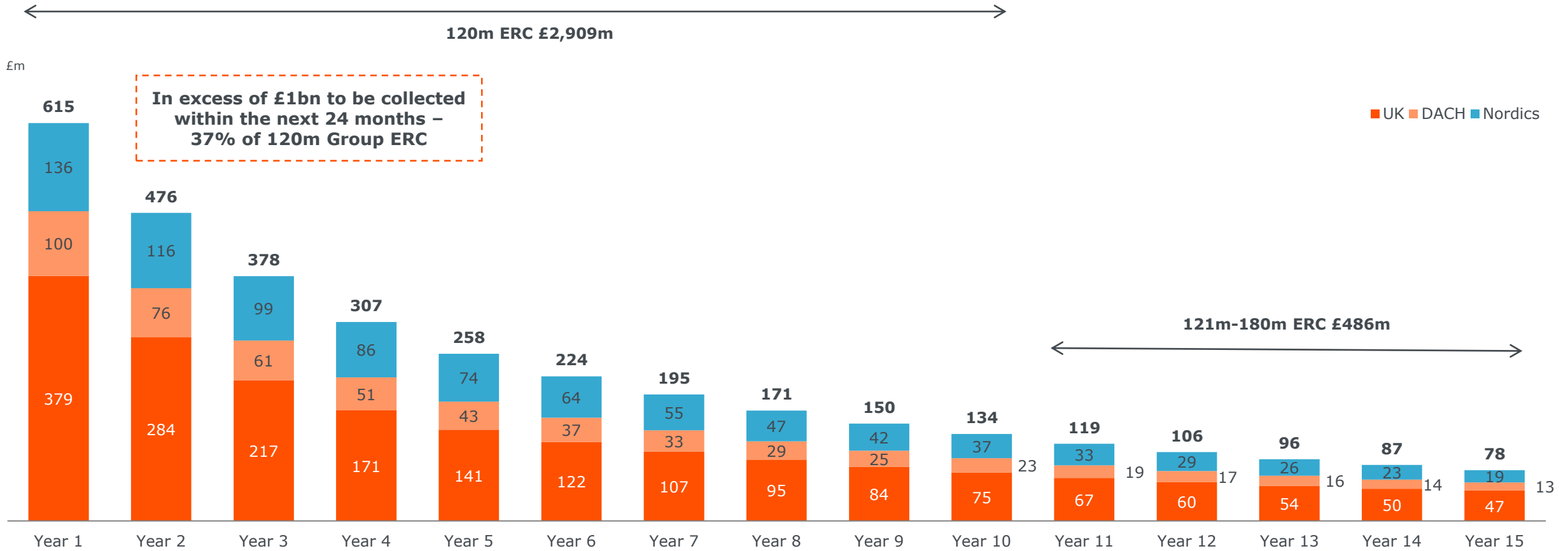
120M ERC



Acquisitions

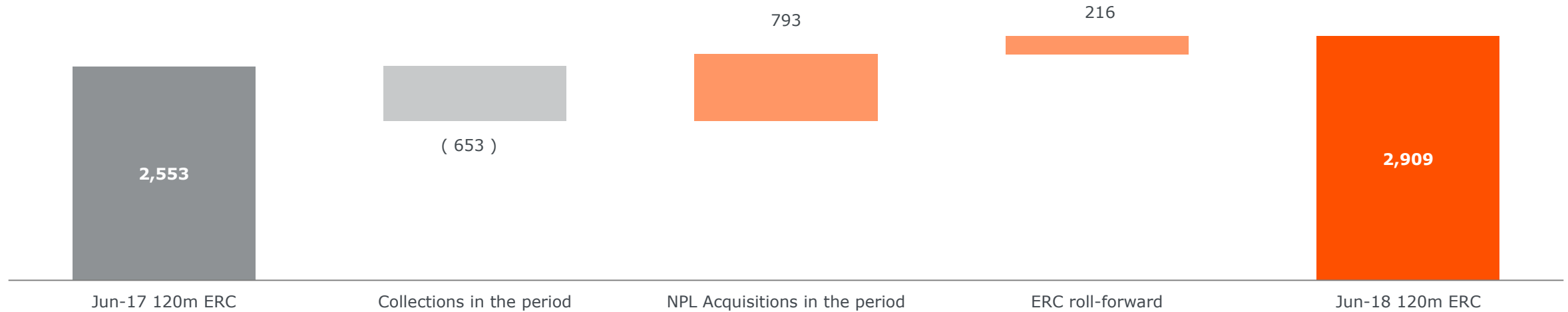


Group ERC Profile



Pro Forma 120m ERC Roll-Forward

£m



- NPL Acquisitions amount based upon LTM Jun-18 purchases 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
 - Movement in FX rates

Backbook Performance

Portfolio Performance By Vintage (£m)

Portfolio Acquisitions¹

Vintage	UK	DACH	Nordics
2004	16	7	16
2005	32	2	105
2006	41	12	15
2007	57	49	10
2008	62	7	25
2009	63	64	14
2010	61	14	110
2011	74	10	23
2012	111	22	26
2013	111	26	42
2014	154	41	61
2015	205	37	93
2016	229	78	37
2017	213	43	131
2018	107	35	65
Total	1,535	446	771

Portfolio Maturity

14 years
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, 2016-2018 based on disclosed purchases in calendar year

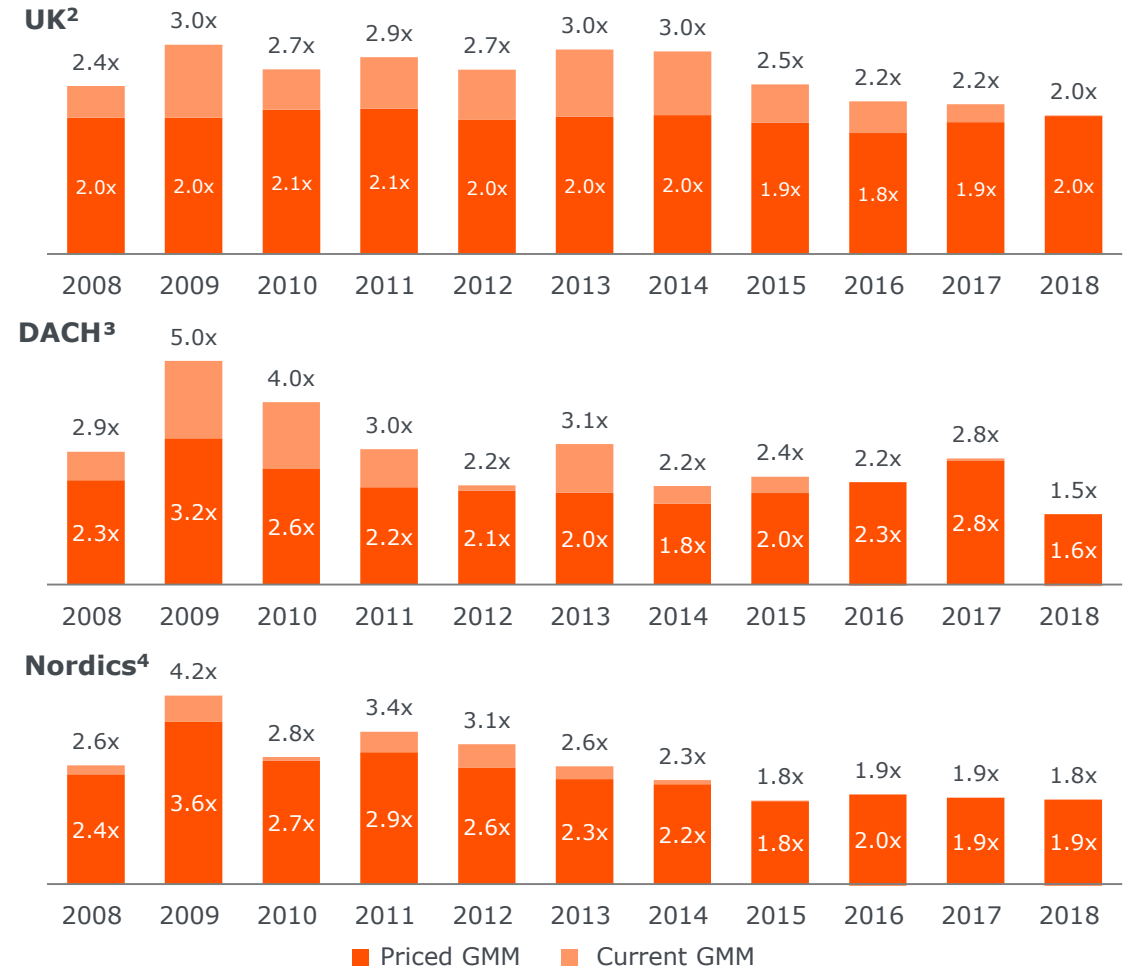
² UK based on 120m ERC. GMM at pricing based on initial 120m only priced collection expectation

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

⁴ Nordic based on 180m ERC. GMM at pricing based on initial 180m only priced collection expectation

⁵ Current GMM is calculated using actual collections to Jun-18, plus ERC across the next 120m (UK) and 180m (DACH and Nordics)

GMM Per Vintage – Pricing vs Current (rolling)⁵



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-18
	Group ERC ¹	3,118
	Year 1 Collections	615
	Roll-forward (UK – YR11, DACH and Nordics – YR16)	93
A	Collections to replace	522
	2017 vintage Static GMM	2.1x
	2018 vintage Static GMM	1.9x
B	Blended Static GMM ²	2.0x
A/B	Jun-18 Replacement Rate	265
	Jun-17 Replacement Rate	212
	Average LTM Replacement Rate ³	239

GMM Weighted Average Calculation				
2017 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	213	43	131	387
% of total purchases	55%	11%	34%	100%
Actual Static GMM	2.1x	2.8x	1.9x	
Weighted Average				2.1x
2018 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	107	35	65	207
% of total purchases	52%	17%	31%	100%
Actual Static GMM	2.0x	1.5x	1.8x	
Weighted Average				1.9x
Blended Static GMM				2.0x

¹ Group ERC represents 120m for UK, 180m for DACH and Nordics. ² Blended GMM represents the weighted average static GMM for 2017 and 2018 vintages, across the UK, DACH and Nordics as at Jun-18.

³ Average Replacement Rate is an average of the Replacement Rate as calculated at Jun-17 and the Replacement Rate as calculated at Jun-18.

IFRS 9 – Changes to the SCI

As a result of the adoption of IFRS 9 on 1 January 2018, an adjustment has been made to present Net portfolio write up within Total income for the 3 months to 30 June 2017. Previously, Net portfolio write up was presented within Revenue and Operating expenses

£000	Q2-17 Under IAS 39	Q2-17 IFRS 9 Transition	Q2-17 Under IFRS 9
Income			
Income from portfolio investments	58,730	-	58,730
Portfolio write up	29,839	(29,839)	-
Net portfolio write up	-	29,322	29,322
Portfolio fair value release	(641)	-	(641)
Service revenue	42,486	-	42,486
Other revenue	840	-	840
Other income	352	-	352
Total income	131,606	(517)	131,089
Total operating expenses	(97,216)	517	(96,699)
Operating profit	34,390	-	34,390

Net Debt and Borrowings as at 30 June 2018

Net Debt (£m)

Bond Principal

£565m Senior Secured Notes 8.5%	565
€365m Senior Secured Notes 7.5%	323
€415m Senior Secured Notes EURIBOR +3.5%	368
€530m Senior Secured Notes EURIBOR +4.5%	470
SEK1,280m Senior Secured Notes STIBOR +4.75%	109
£230m Senior Notes 11%	230

RCF Drawings and Other

GBP Drawn RCF	93
EUR Drawn RCF	79
EUR Other ¹	25

Cash²

Cash	68
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Senior Secured Net Debt	1,938
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Net Debt	2,193
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Gross Debt	2,262
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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)

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured	31-Dec-21	LIBOR / EURIBOR	3.50%

¹ Includes £25m drawn under existing securitisation facilities. ² Excludes restricted cash.

Glossary

3PC	-	Third Party Collection	FRN	-	Floating Rate Notes
Acquisitions	-	The purchases of NPLs	FTE	-	Full-time equivalent employees
AuM	-	Assets under Management	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
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	IFRS	-	International Financial Reporting Standards
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	LIBOR	-	London Interbank Offer Rate
CMS	-	Credit Management Services	Net Debt	-	Senior Secured Notes bond principal plus Senior Notes bond principal plus RCF drawn amounts plus securitisation drawn amounts less cash
DACH	-	Germany, Austria and Switzerland	Nordics	-	For the purpose of the presentation include Sweden, Denmark, Norway, Finland and Estonia
DP	-	Debt Purchase	NPL	-	Non Performing Loans
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)	Pro Forma Group	-	The combined group following the acquisition of the Carve-out Business from Intrum
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
Extant Group	-	The group prior to completion of the acquisition of the Carve-out Business from Intrum	STIBOR	-	Stockholm Interbank Offered Rate
			TSA	-	Transitional service agreement
			WACD	-	Weighted average cost of debt

Upcoming Events

Results

- Q3-18 Results – 29 November 2018
- FY18 Results – April 2019

Investor Relation Activity

- Nordea – Nordic High Yield and Leveraged Loan Conference, Stockholm – 4 September 2018
- Goldman Sachs – EMEA Leveraged Finance Conference, London – 4 September 2018

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