AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results of AnaCap Financial Europe S.A. SICAV-RAIF for the six months ended 30 June 2018

11 September 2018

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Today’s Presenters

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Chris Ross-Roberts – Director and CFO,
AnaCap Financial Europe S.A. SICAV-RAIF

Ed Green– Director and COO,
AnaCap Financial Europe S.A. SICAV-RAIF

Basis of Preparation of the Financial Statements

AnaCap Financial Europe S.A. SICAV-RAIF (“AFE”) was incorporated on 28 June 2017 for the purpose of facilitating the acquisition at fair value of the Portfolio Business from AnaCap Credit Opportunities II Limited and AnaCap Credit Opportunities III Limited, direct subsidiaries of AnaCap Credit Opportunities II, L.P. and AnaCap Credit Opportunities III, L.P. respectively (the “Acquisition”), as detailed in the Offering Memorandum. The Acquisition was financed by the issuance of €325,000,000 Senior Secured Floating Rate Notes due 2024, and the Acquisition completed on 21 July 2017. Upon completion of the Acquisition, the assets and liabilities of the Portfolio Business have been recognised at their fair value in accordance with IFRS 3.

The Financial Statements of AFE cover the period from 1 January 2018 to 30 June 2018. As the Acquisition of the Portfolio Business was completed on 21 July 2017, there are no comparatives included in the Financial Statements.

In order to provide the bond holders with comparative performance data for the six month period to 30 June 2018, this presentation includes results for the 6 month period to 30 June 2017 for the Portfolio Business.

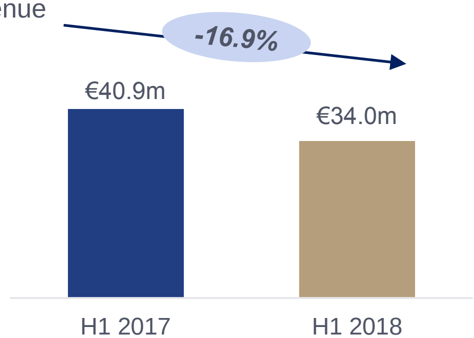
Q2 2018 Key Highlights

1. €107.9m of new portfolio purchases completed in Q2 resulting in ERC of €564.8m at 30 June 2018, compared to ERC of €487.8m as of 30 June 2017
2. Selective deployment in predominantly secured debt, with further diversification of ERC across key geographies; 43.1% of total ERC attributable to Italy at 30 June 2018 compared to 71.1% as of 30 June 2017
3. LTM Adjusted EBITDA of €92.8m, up 23.0% compared to LTM Adjusted EBITDA of €75.5m as of 30 June 2017
4. Leverage metrics in line with market guidance of Net Debt to Adjusted EBITDA at 3.88x (June 2017: 4.03x) and LTV ratio of 63.8% (June 2017: 66.6%)
5. Core collections of €55.3m for the 6 months ended 30 June 2018 11.0% ahead of forecast and 10.1% greater then collections for the 6 months ended 30 June 2017
6. Market leading cost structure with total operating costs (including overheads) of 25.9% of core collections for the 6 months ended 30 June 2018, supported by ongoing development in digitally enabled operating platform

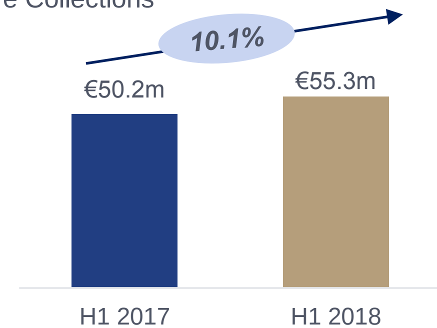
AnaCap Financial Partners

Key Financial Highlights for the Six Months Ended 30 June 2018: Strong Momentum & Growth in Key Financial Metrics

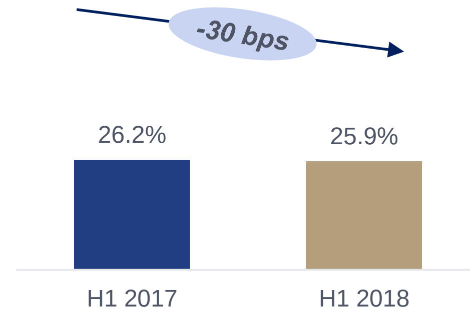
Revenue



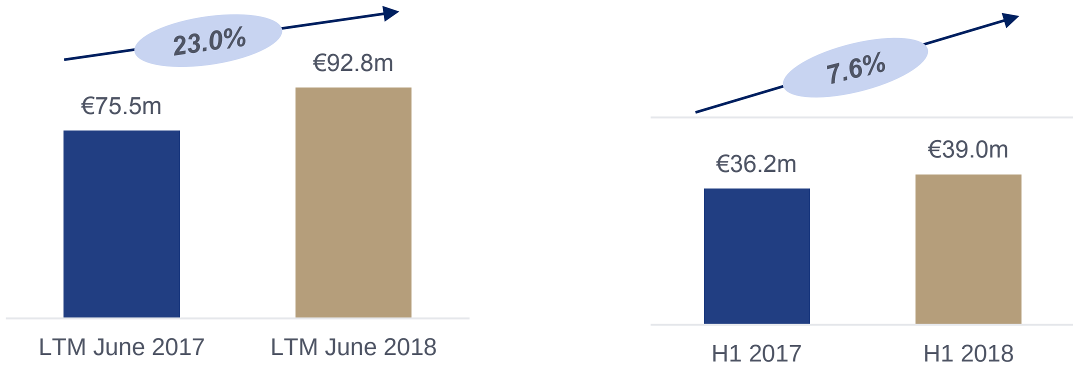
Core Collections



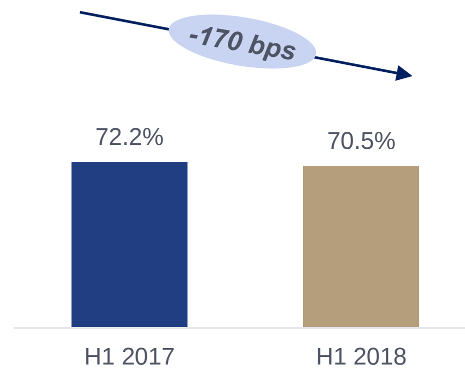
Total Operating Cost Ratio (2)



Normalised Adjusted EBITDA – LTM & H1 for 2017 & 2018



Normalised Adjusted EBITDA Margin (3)

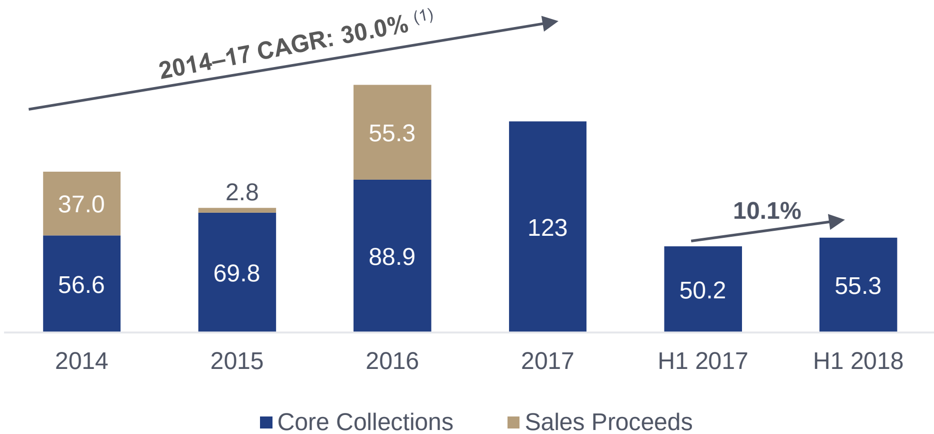


Six months ended 30 June 2017 (1) Six months ended 30 June 2018 Growth

1 Results of the Portfolio Business for comparative purposes only
2 Total operating cost ratio, represents the ratio of operating expenses (excluding non-recurring items) to Core Collections
3 Based on Normalised Adjusted EBITDA as a percentage of Core Collections

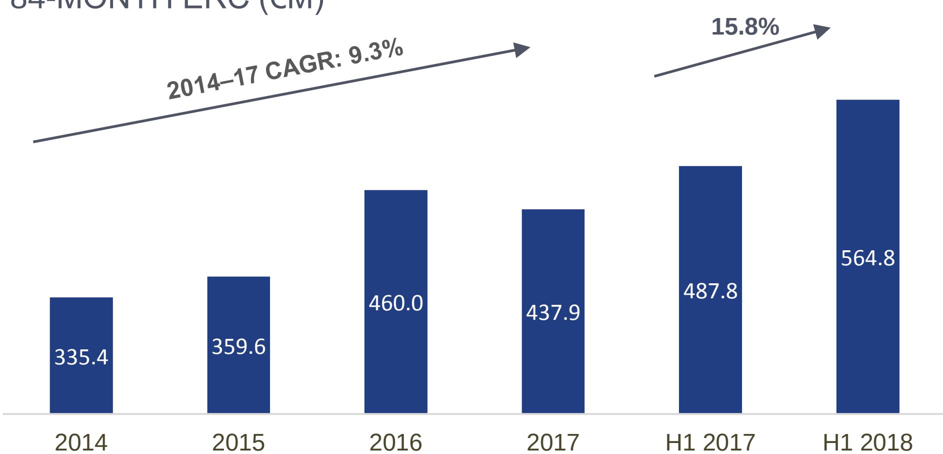
Growth in Collections & ERC

TOTAL GROSS COLLECTIONS (€M)



- **Key Comments**
  - Strong performance in the period with gross collections 11.0% ahead of forecast, with over performance in Q1 (led by acceleration of collections from Q2 and Q4 2018 into Q1 2018 on a few larger positions across the Italian portfolios)
  - Core collections in H1 2018 grew 10.1% versus its comparative period, reflecting maturity of back book and timing of recoveries of larger individual positions

84-MONTH ERC (€M)

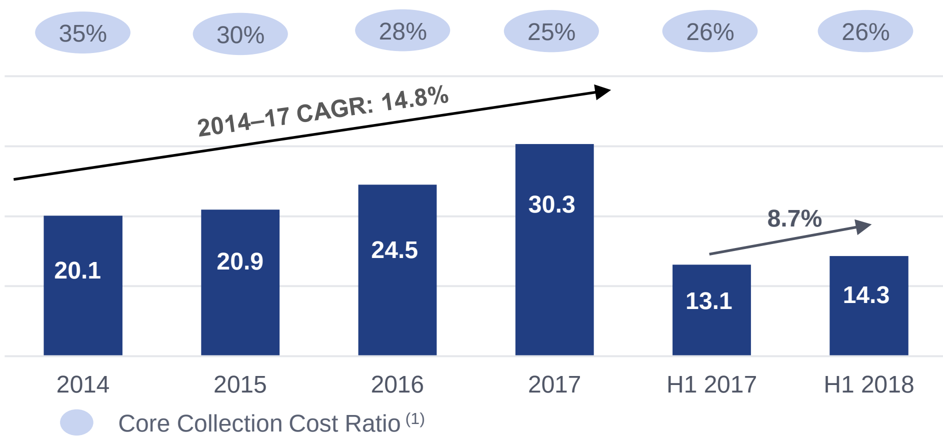


- **Key Comments**
  - ERC has grown by 15.8% y-on-y
  - Increase in ERC driven by selective Q2 deployment in chosen geographies and asset types (secured) adding €169.7m of ERC providing further diversity to AFE overall ERC

Sources: Company Information
1Compound annual growth is based on core collections only.

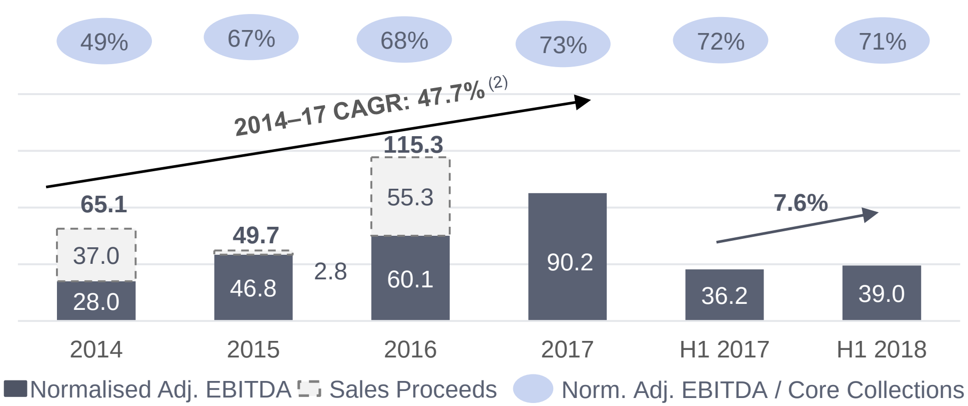
Market Leading Cost Structure and Margins

OPERATING EXPENSES (€M) (1)



- Operating expenses' grew by 8.7% compared to collection growth of 10.1% resulting in a marginal improvement in operating cost ratio
- Direct collections cost decreased from 20.1% to 18.0% reflecting the maturity of the book and some larger positions being realised in H2
- Overheads increased form 6.3% to 7.9% reflecting increased investment within platforms; in asset management and master serving capability
- Overall cost structure remains market leading at 26.0% including all collection costs and overheads

NORMALISED ADJUSTED EBITDA (€M)

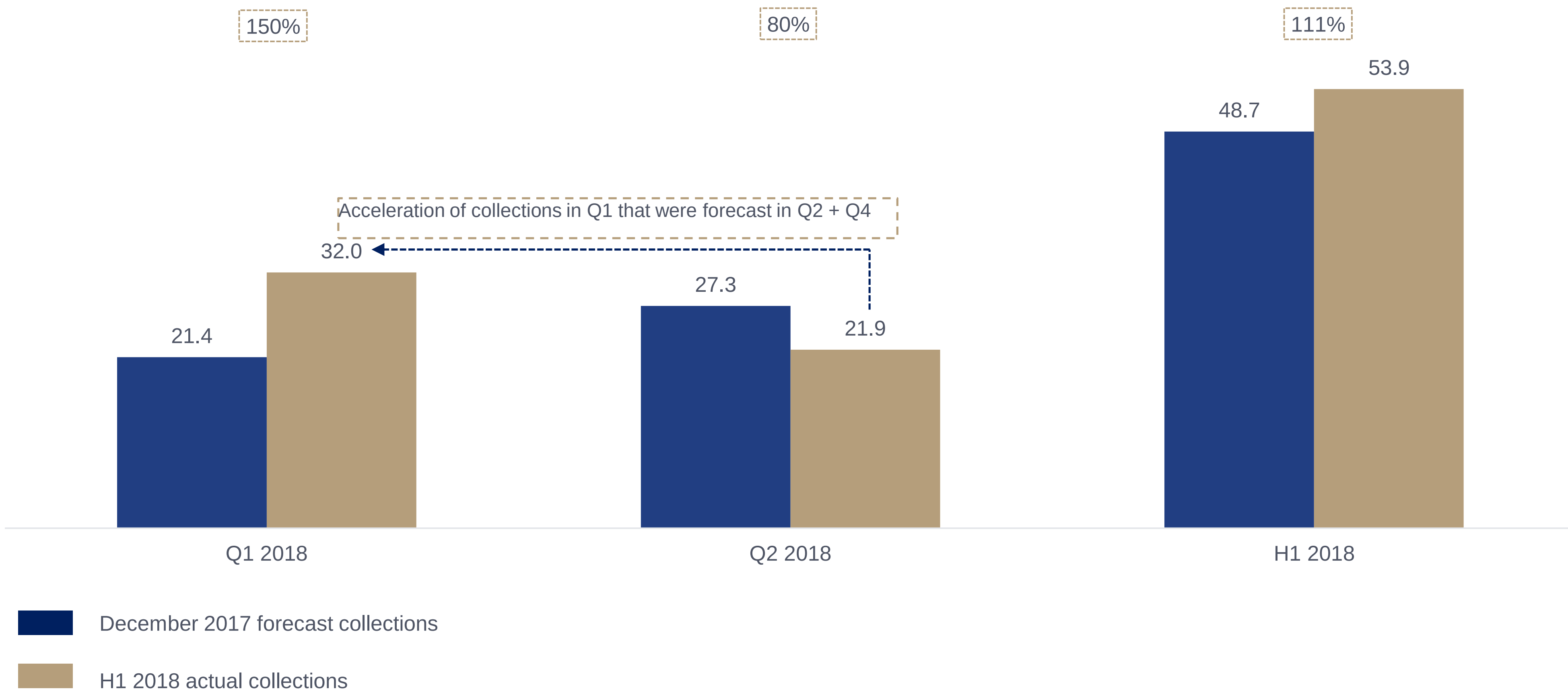


- Strong core collection performance combined with cost efficiencies resulted in Normalised Adjusted EBITDA growth of 7.6% y-o-y
- Normalised Adjusted EBITDA for LTM = €92.8m, 44.0% up on March 2017
- Marginal change in margin reflects increased amounts collected on behalf of co-investors in the period compared to previous period, which is deducted from Normalised Adjusted EBITDA

Sources: Company Information
1 Operating expenses exclude non-recurring items, impairment charges and FX
2 Compound annual growth is based on Normalised Adjusted EBITDA

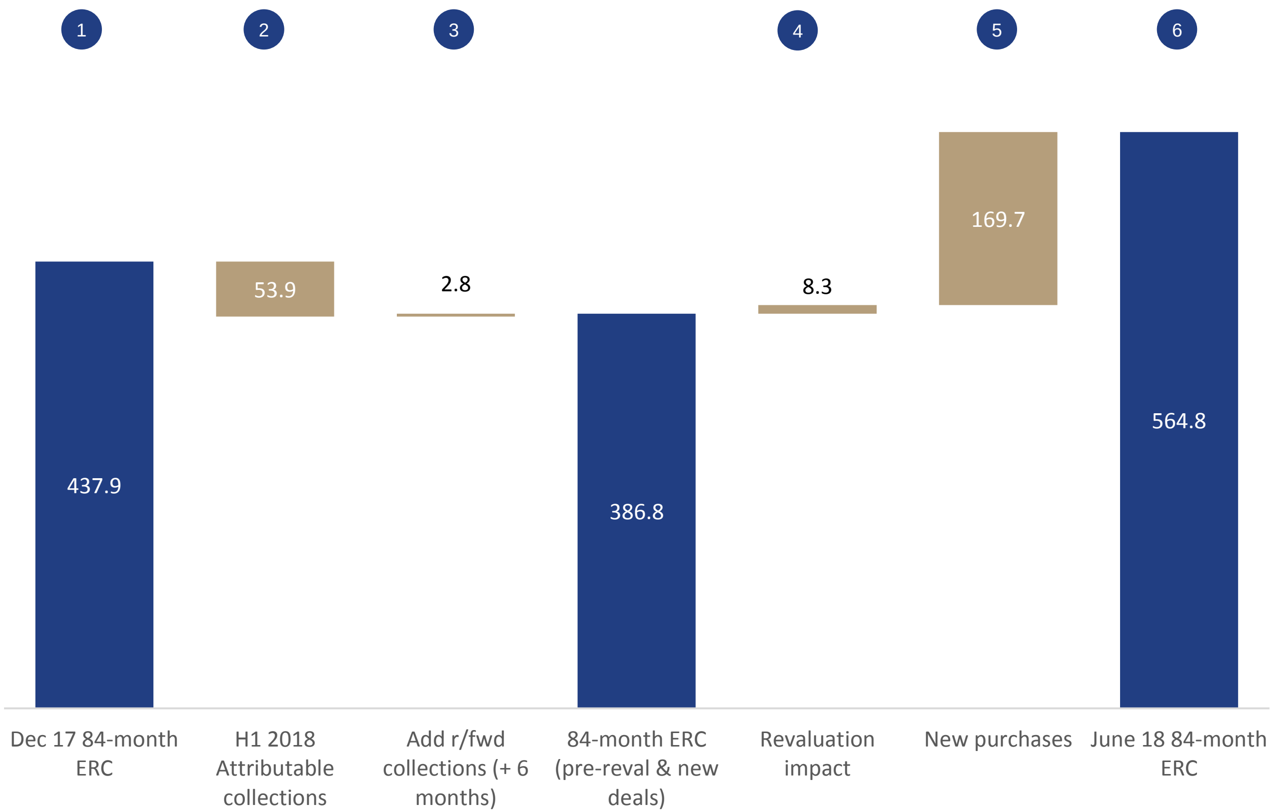
H1 2018 Attributable Collections 111% of December 2017 Forecast, Driven by Acceleration of Collections

AFE H1 2018 TOTAL ATTRIBUTABLE GROSS COLLECTIONS PERFORMANCE (€M)



ERC Bridge - Revaluation Impact Resulting in Additional €8.3m of ERC

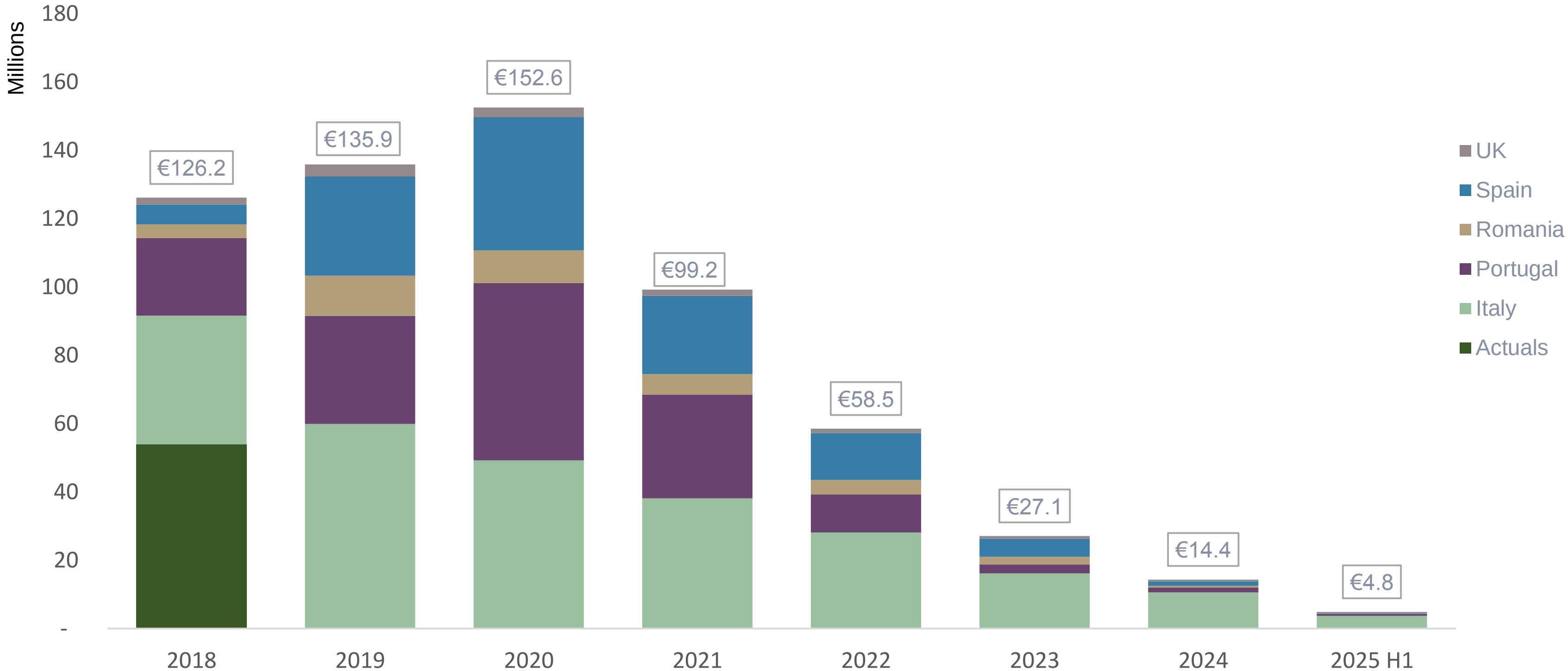
AFE H1 2018 ERC BRIDGE (€M)



1. 84 month ERC view as at December 2017
2. Attributable collections (Jan-18-Jun-18)
3. The impact of rolling forward the 84 month ERC window (incorporating an additional 6 months in the tail)
4. The impact of the revaluation
5. The 84 month ERC associated with new purchases in H1 18
6. The Revised ERC position at the end of June 2018

ERC by Year and Country – Recent Deployment Builds in Future Growth in Cash Generation out to 2020

AFE H1 2018 ERC BY YEAR & COUNTRY (€M)



Net Debt to LTM Adj. EBITDA at 3.88x

Net debt as of 30 June 2018 (€m)

Bonds issued	325
SSRCF (utilised) (1)	89
Total debt	414
Less:	
Cash at bank	(46)
Cash due from servicers	(7)
Add back:	
Amounts due to co-investors	-
Net debt	**361**

Reconciliation of total debt to the Financial Statements (€m)

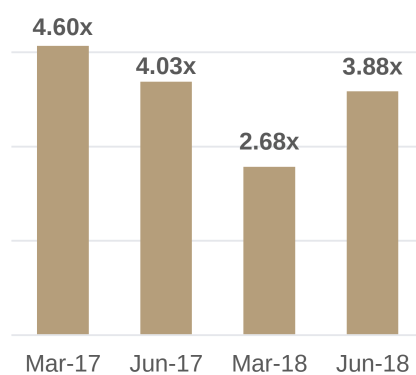
Total debt	325
Unamortised discount on issuance of the Notes	(2)
Unamortised transaction fees	(8)
Borrowings (non-current liability)	316
Accrued interest (current liability)	3
SSRCF (drawn) (1)	84
Total borrowings per Financial Statements	**403**

Key Indicators

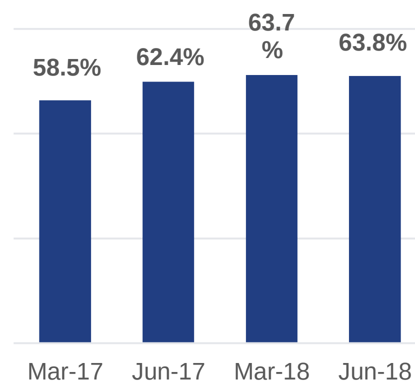
84-Month ERC	€564.8m
LTV Ratio	63.8%
Net Debt / LTM Adj. EBITDA	3.88x
LTM Adj. EBITDA	€92.8m
Pro Forma Net Interest Expense	€20.5m
Pro Forma FCCR	4.52x
Liquidity	€46m cash plus €1.4m undrawn SSRCF (€29.4m undrawn as of 11 September 2018)
Financial Covenant	63.8% LTV (vs 75% threshold)
SSRCF Covenant	6.2% LTV (vs 25% threshold)

Leverage Evolution

Net Debt / LTM Adj. EBITDA (x)



Loan-to-Value (%)



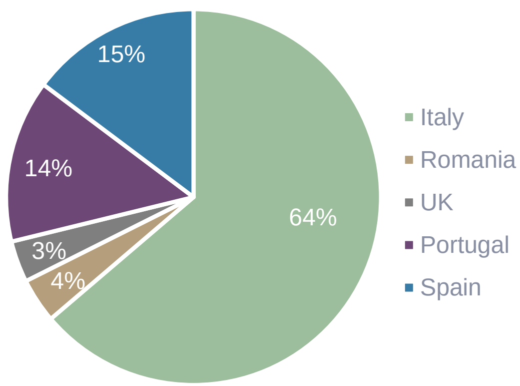
All key terms have been defined in the Glossary at the end of this presentation

1 SSRCF utilised includes €4.102m utilised in the form as a bank guarantee issued (SSRCF drawn excludes this balance). This restricts the Facility available to use, however it is not a drawn amount and so it is not accounted for in the Financial Statements.

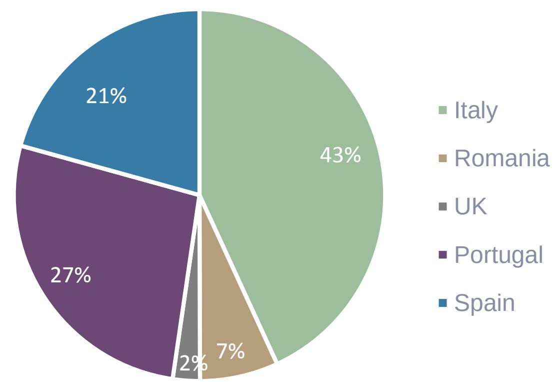
Selective Q2 Deployment Resulting in Increased Geographic Diversification of ERC

- Successful Q2 deployment levels resulted in a wider geographic spread of ERC as at 30 June 2018
- H1 2018 purchases have resulted in additional ERC of €169.7m, of which 52% is attributable to Portugal, 33% attributable to Spain and 15% attributable to Romania.
- ERC attributable in Italy falling from 64.0% of ERC in December 2017 to 43.1% of ERC in June 2018

€437.8m 84-Month ERC by Geography – December 2017

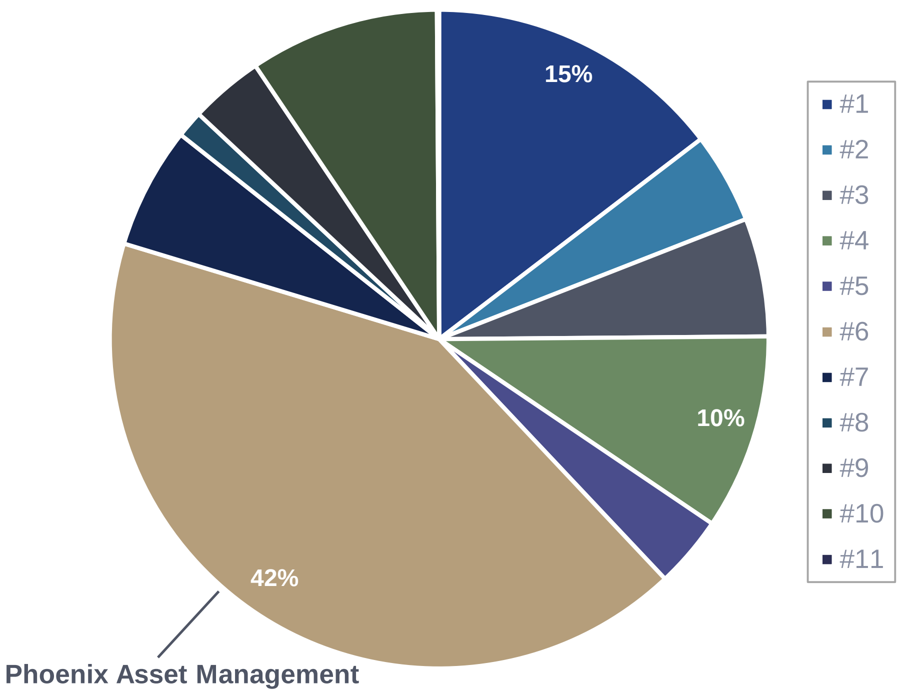


€564.8m 84-Month ERC by Geography – June 2018

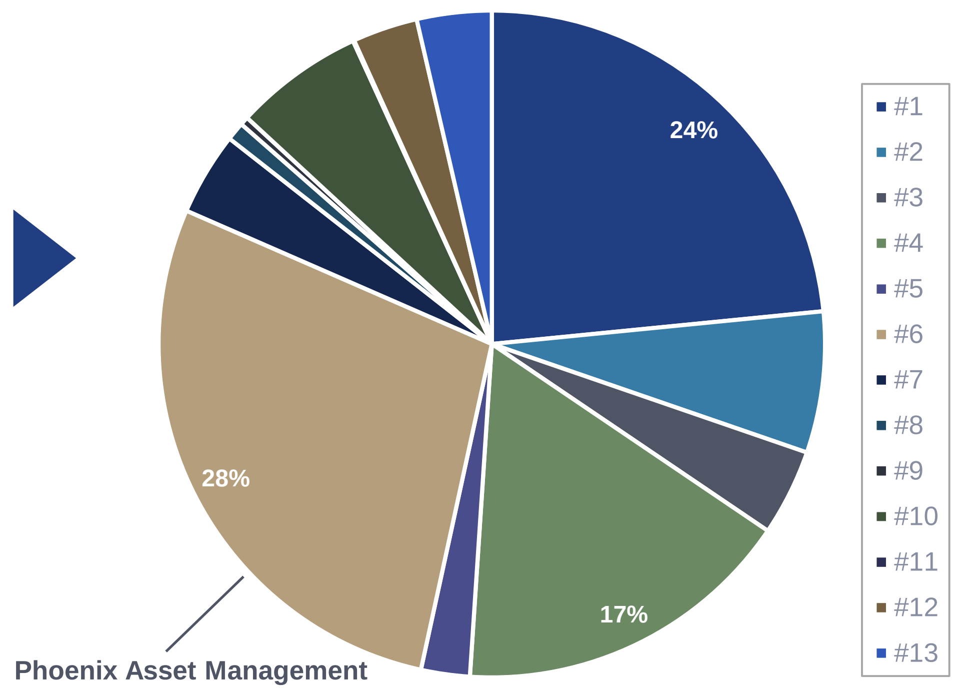


Geographic Expansion and Active Panel Management has increased Servicer Diversification

84 MONTH ERC BY SERVICER (DEC-17)



84 MONTH ERC BY SERVICER (JUN-18)

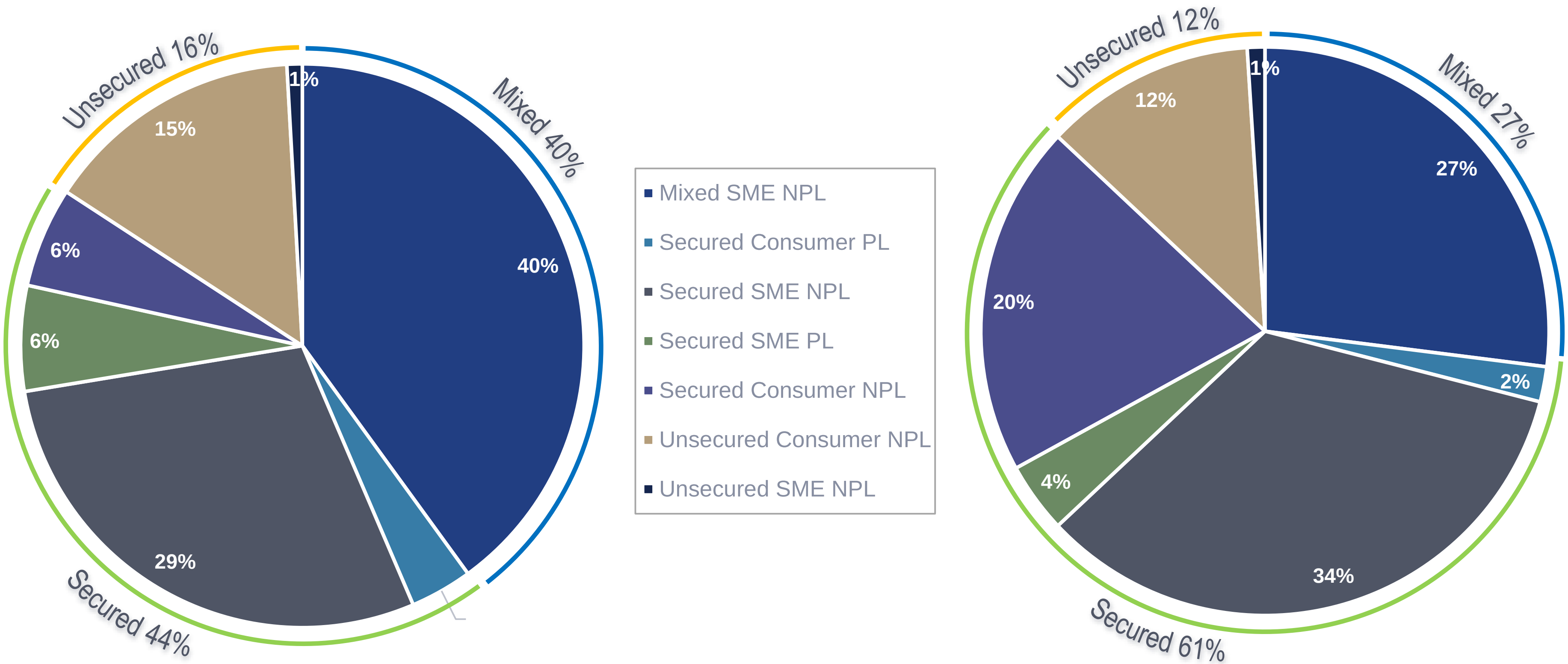


- Geographic expansion has increased diversification of Servicer Panel with Phoenix Asset Management share reduced from 42% to 28%
- Increase in overall servicer panel from 11 to 13 providers driven by active panel management strategy

Targeted Deployment into Secured NPLs in H1 2018 has increased Asset Type Diversification

84 MONTH ERC BY ASSET TYPE (DEC-17)

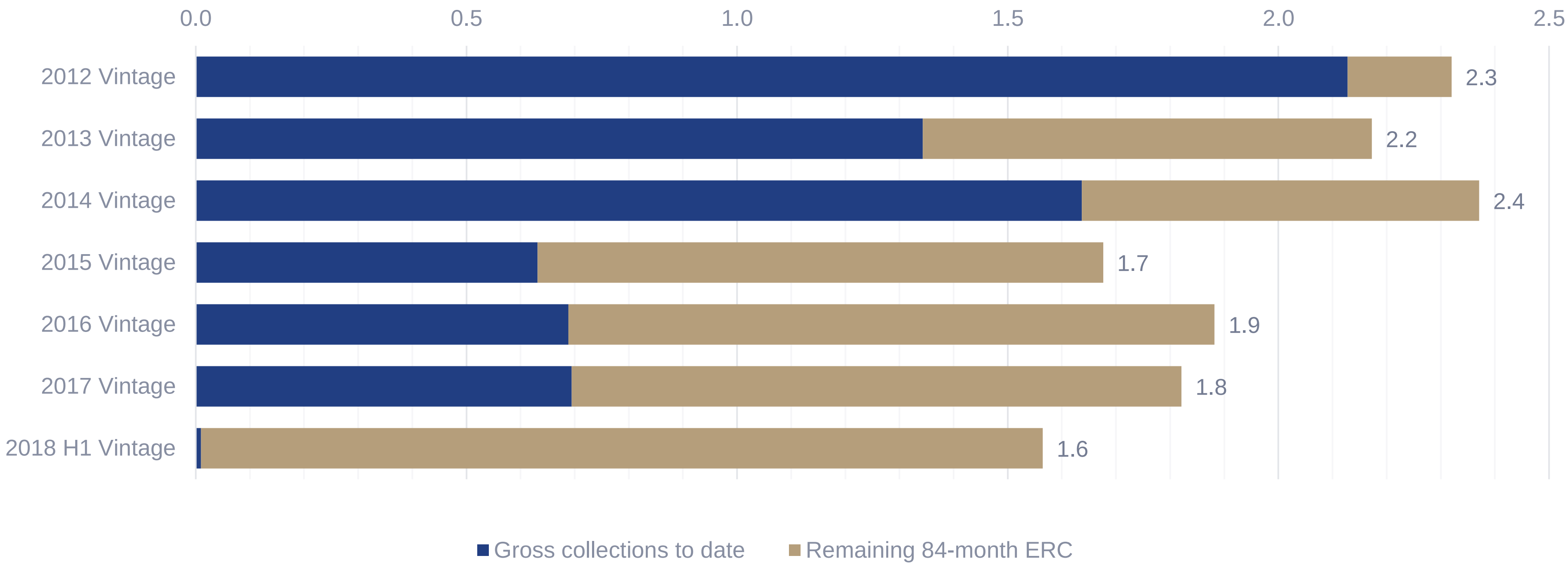
84 MONTH ERC BY ASSET TYPE (JUN-18)



- Pipeline and deployment activity in H1 2018 has resulted in an increased focus in secured asset classes with overall secured NPL increasing from 44% to 61%

Gross Money Multiple Trends Reflect Selective Focus on Secured Assets with High Cashflow Visibility

GROSS MONEY MULTIPLES BY YEAR OF PURCHASE & GROSS COLLECTIONS TO DATE



- Profile of purchases in recent vintages involves lower GMMs but with high proportion of CF collected

Conclusion

- Completed €107.9m of deployment in the quarter leading to greater ERC diversification across core geographies
- Primary focus on secured consumer and SME debt, asset types underpinned by significant collateralization and where AnaCap has extensive experience
- Continued strong financial performance, with Core Collections continuing to grow from seasoned back book even as new deployment remains highly selective
  - ERC of €564.8m as of 30 June 2018 compared to €487.8m as of 30 June 2017, a 15.8% increase
  - H1 2018 collections €55.3m versus €50.2m in H1 2017, up 10.1% y-on-y despite slowdown in deployment in Q4 2017 and Q1 2018
  - Leverage at 3.88x LTM Adjusted EBITDA
- Large, diverse pipeline of portfolio opportunities across each of our core and targeted new geographies, particularly in secured debt, but we will continue to remain selective of the deployment of capital
- This includes further progress in Poland where we are in exclusivity on what would be AFE's inaugural portfolio transaction, leveraging AnaCap's wider local investment track record
- Continuing to develop the AFE operating platform, including key hires within Galata AM in Spain and Phoenix AM in Italy, as well as further investment in our digitally enabled platform

Q&A

Any Questions?

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Appendix

- Normalised and Adjusted EBITDA reconciliations
- Impairment charge
- Further detail on ERC by asset type
- Glossary

Normalised & Adjusted EBITDA

The appendix contains reconciliations between the figures per the Financial Statements and the figures used for the purposes of this presentation:

Reconciliation of profit before tax to Normalised and Adjusted EBITDA

	H1 2018 Per Financial Statements (€'m)	LTM Normalised Adjusted EBITDA (€'m)
Profit before tax	8.5	10.0
Finance costs/income	9.1	19.2
Share of profit in associate	(0.5)	(0.8)
FX	-	0.1
Impairment	2.4	9.8
Gross Collections	55.2	128.1
Revenue	(34.0)	(78.2)
Repayment of secured loan notes	(2.0)	(4.2)
Non-recurring items	0.2	2.6
Normalised and Adjusted EBITDA	**39.0**	**92.8**

Normalised & Adjusted EBITDA

The appendix contains reconciliations between the figures per the Financial Statements and the figures used for the purposes of this presentation:

Reconciliation of net cash used in operating activities to Normalised and Adjusted EBITDA

	H1 2018 Per Financial Statements (€'m)	LTM Normalised Adjusted EBITDA (€'m)
Net cash generated from operating activities	(67.7)	(37.1)
Acquisition of purchased loan portfolios	109.2	134.5
Tax paid	0.7	0.8
Repayment of secured loan notes	(2.0)	(4.2)
Working capital adjustments	(1.4)	(3.9)
FX	-	0.1
Non-recurring items	-	2.6
Normalised and Adjusted EBITDA	**39.0**	**92.8**

Normalised & Adjusted EBITDA

The appendix contains reconciliations between the figures per the Financial Statements and the figures used for the purposes of this presentation:

Reconciliation of Gross Collections to Normalised and Adjusted EBITDA

	H1 2018 Per Financial Statements (€'m)	**LTM Normalised Adjusted EBITDA (€'m)**
Gross Collections	55.2	128.1
Operating expenses	(17.0)	(43.6)
FX	-	0.1
Impairment	2.4	9.8
Repayment of secured loan notes	(2.0)	(4.2)
Non-recurring items	0.2	2.6
Normalised and Adjusted EBITDA	**39.0**	**92.8**

Impairment charge

Short term volatility in cash flows has driven the impairment charge in Q2 2018.

Purchased Loan Portfolios and Purchased Loan Notes	Six months ended 30 June 2018 (€'000)	Three months ended 30 June 2018 (€'000)
Impairment – charge/(credit)	**2,427**	**3,045**
Secured loan notes share of impairment	(1,833)	(964)
Total impairment for the period	594	2,081
Revaluation movement recognised in revenue	(1,849)	(168)
Net (credit)/charge to profit	**(1,255)**	**1,913**

- Overall the June revaluation is a positive result with a net credit to P&L of €1.3m
- Part of the uplift has been recognised in revenue in accordance with IFRS 15
- The negative impairment charge in the P&L is substantially driven by a portfolios in which we have a significant co-invest and the resulting impairment charge is offset by a corresponding reduction of the amount owed to co-investors
- The impairment is a result of changes is estimated timing of collection rather than an adjustment to underlying collateral balances. Given that the discount rate applied in EIR accounting is a gross number before cost, movements in timing of collections can have a significant impact on balance sheet fair value

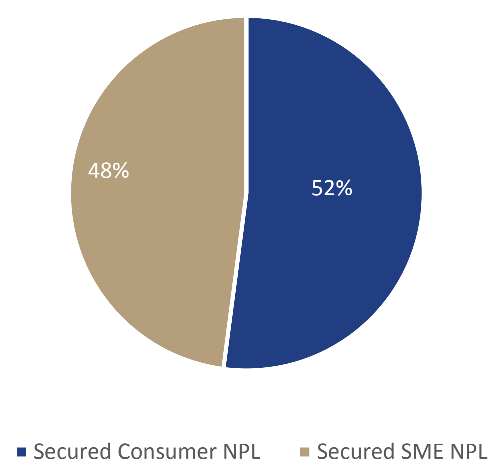
Successful Q2 Deployment Resulting in Increased Diversification of ERC Across Asset Types

- Successful Q2 deployment levels have also resulted in increased diversification of ERC across asset types as at 30 June 2018

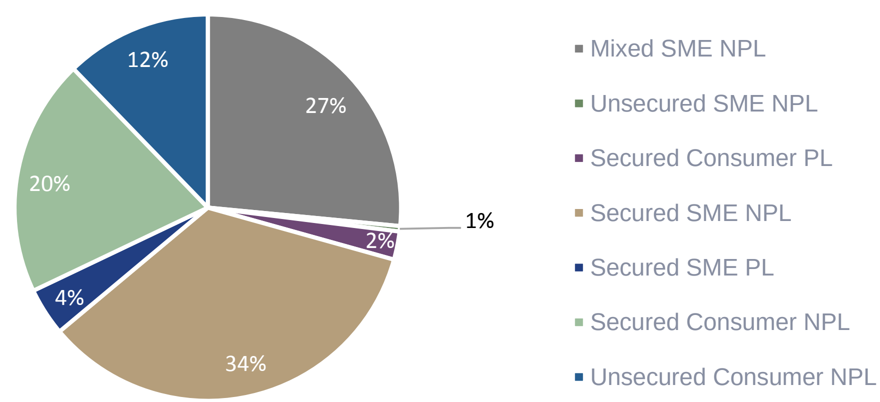
- Of the additional ERC acquired in the period of €169.7m, 48% of this can be attributable to the acquisition of secured SME NPLs, with 52% being attributable to the acquisition of secured consumer NPLs. The secured consumer space now contributes to 20% of ERC, compared to 6% of ERC in December 2017

- The variation in the product mix and increased focus on secured assets has led to increased inherent quality of purchases and subsequently lower multiples where assets tend to be further along in the litigation process, therefore providing both quicker cash returns and better risk adjusted returns.

€169.7m acquired ERC in the period by asset type



€564.8m 84-Month ERC by asset type – June 2018



Glossary

- **“84-month ERC (“ERC")”** means AFE’s estimated remaining collections on purchased loan portfolios and purchased loan notes over an 84-month period, assuming no additional purchases are made and on an undiscounted basis. ERC excludes any proportionate share of remaining cash collections that may be payable to a co-investor holding secured loan notes. ERC includes estimated collections on sold portfolios where part of the sale proceeds are based on future collections from that underlying portfolio.
- **“Adjusted EBITDA”** represents (loss)/profit before tax adjusted to exclude the effects of finance costs and finance income, share of profit/(loss) in associates, net foreign currency losses/(gains), impairment of purchased loan portfolios and loan notes, disposals and repayments of secured loan notes, and non-recurring items. Revenue on purchased loan portfolios and loan notes and costs on secured loan notes calculated using the effective interest rate method are replaced with total gross collections in the period.
- **“Cash due from servicers”** relates to cash collected by servicers on the portfolios which were not received until after the period.
- **“Core collections”** represents total gross collections, less disposals of purchased loan portfolios and loan notes.
- **“Gross MM”** represents total attributable collections received on a portfolio to the date the multiple is measured, plus ERC for that portfolio at the same date, divided by the total amount paid for the portfolio at the date of purchase.
- **“Liquidity”** - €1.4m undrawn on the Facility plus cash available of €46m as at 30 June 2018.
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 30 June 2018.
- **“LTV ratio”** means the aggregate secured indebtedness of the Group less cash and cash equivalents (including cash and cash equivalents in servicers' accounts or otherwise that are due from servicers but not yet paid by servicers to the Group, less cash collections due to be paid to co-investors under secured loan notes) divided by ERC.
- **“Normalised Adjusted EBITDA”** represents Adjusted EBITDA excluding disposals of purchased loan portfolios and loan notes.
- **“Pro forma net interest expense”** means interest expense incurred on the bond coupon for a period of 12 months. This is calculated based on a margin of 5.0% on the Notes.
- **“Pro forma Fixed Cover Charge Ratio (“FCCR”)”** is calculated as LTM Adjusted EBITDA divided by pro forma net interest expense.
- **“SSRCF”** (Super Senior Revolving Credit Facility) – In February 2018 AFE increased the Facility available to use by an additional €45.0m, bringing the total Facility available to use to €90.0m.
- **“Total attributable collections”** represents total gross collections, excluding any share of cash collections that relate to the interests of co-investors holding secured loan notes.
- **“Total gross collections”** represents cash collected from debtors in connection with purchased loan portfolios and net cash collections (after servicing costs) for purchased loan notes as well as disposals of purchased loan portfolios and loan notes. Total gross collections include any proportionate share of cash collections that relate to the interests of co-investors holdings of secured loan notes.