AnaCap Financial Partners LLP

AnaCap Financial Europe S.A. SICAV-RAIF

Presentation of the consolidated financial results of AnaCap Financial Europe S.A. SICAV-RAIF for the quarter ended 31 March 2018

22 May 2018

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Today's Presenters

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Head of Asset Management, AnaCap Financial Partners LLP

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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 31 March 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 3 month period to 31 March 2018, this presentation includes results for the 3 month period to 31 March 2017 for the Portfolio Business.

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Q1 2018 Key Highlights

1. Strong collection performance in Q1 2018 collections, exceeding forecasts by 41%, driven by earlier settlements than projected
2. LTM Adjusted EBITDA of €98.0m, up 52% compared to LTM Adjusted EBITDA of €65.0m as of 31 March 2017
3. Significant deleveraging: Net Debt to Adjusted EBITDA at 2.68x (March 2017: 3.71x)
4. Margin improvement supported by cost efficiency and digital platform
5. Strong and diversified pipeline leading to increased near term deployment, whilst maintaining discipline

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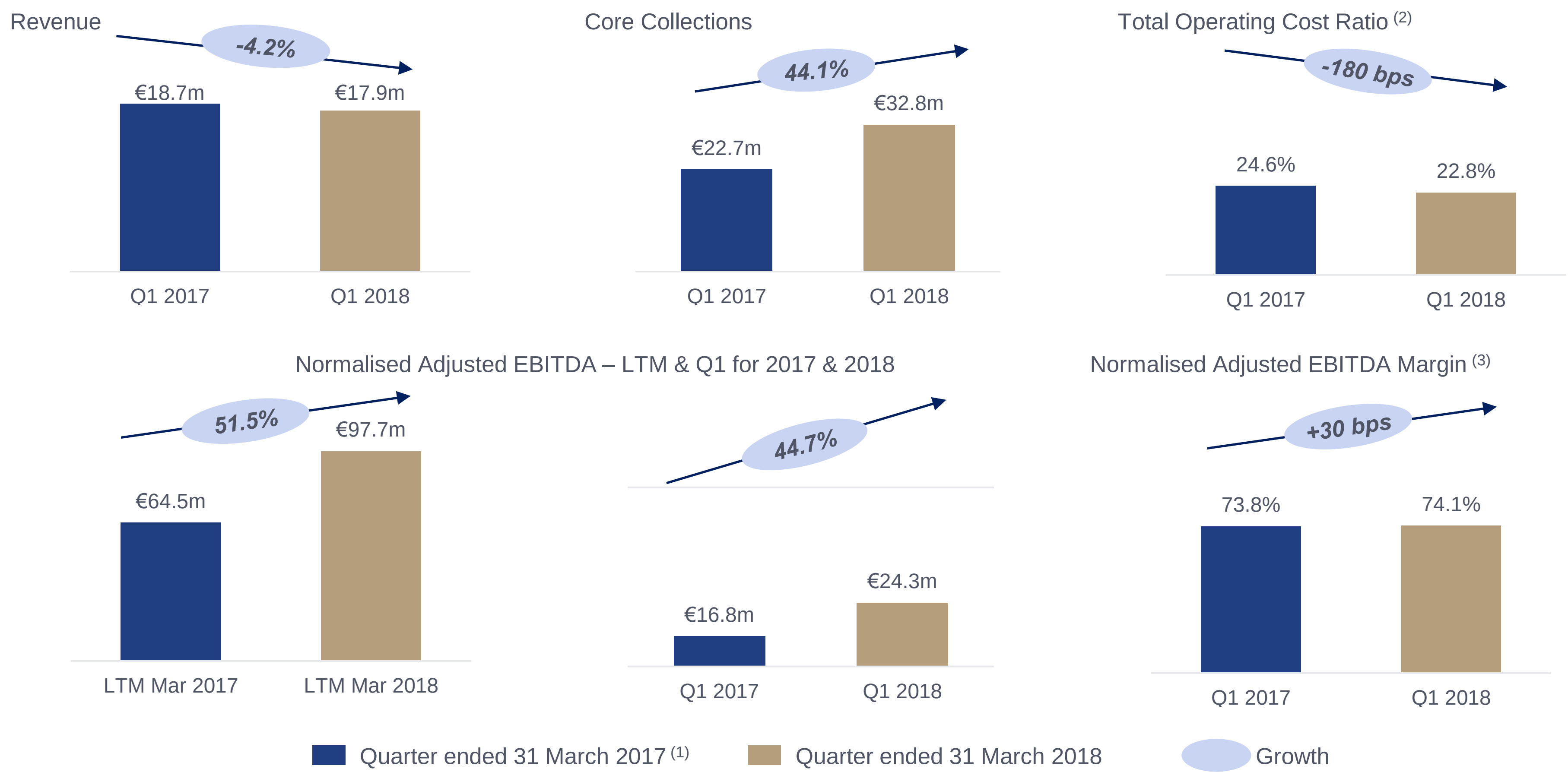
Key Financial Highlights for the Quarter Ended 31 March 2018: Strong Momentum & Growth in Key Financial Metrics



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

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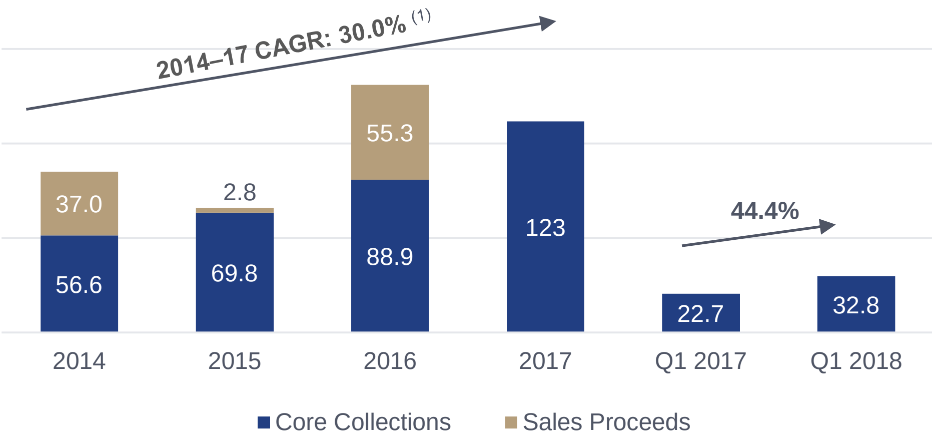
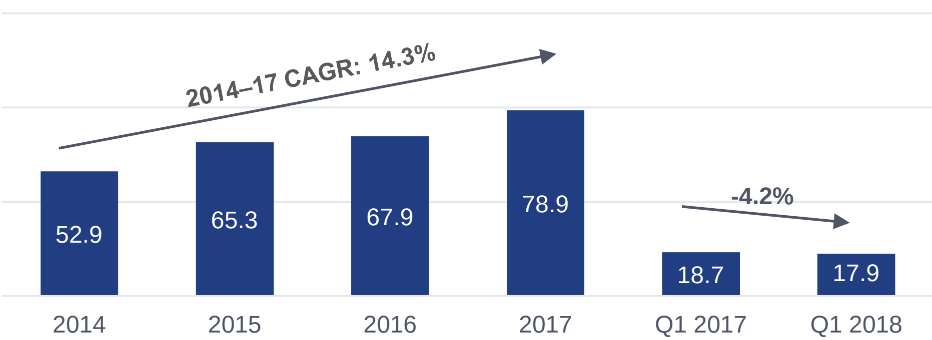
Consistent Revenues & Growth in Collections

Total gross collections (€m)



- **Key Comments**
  - Strong performance in the quarter, led by acceleration of collections from Q2 2018 into Q1 2018 on a few larger positions across the Italian portfolios
  - Core collections in Q1 2018 grew 44.4% versus its comparative period, reflecting maturity of back book and timing of recoveries of larger individual positions

Revenue (excl. Profit from Portfolio Sales) (€m)



- Key Comments
  - Revenue remains strong and consistent with prior year reflecting maturity of back book

Sources: Company Information

1Compound annual growth is based on core collections only.

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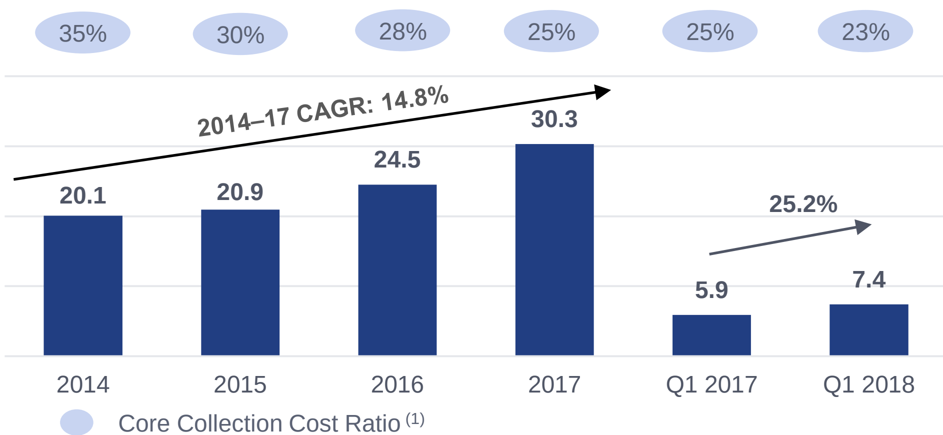
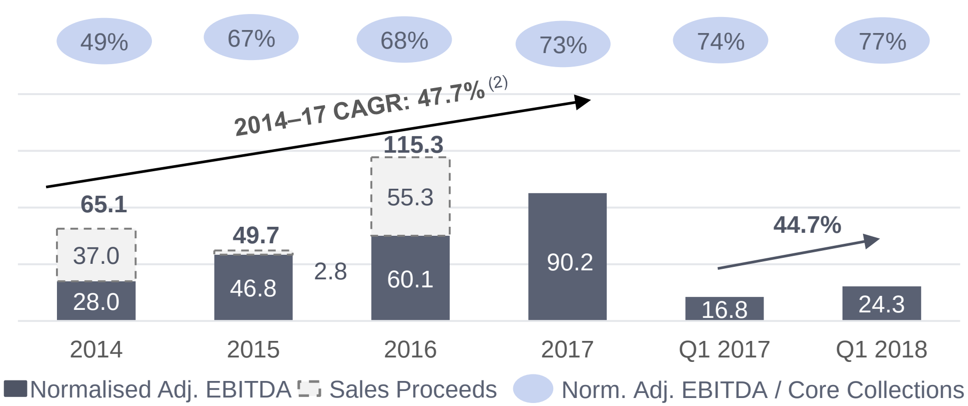
Margin Improvement & Strong EBITDA

Operating Expenses (€m) (1)



- **Key Commentary**
  - Core collections increased by 44.1% y-o-y, compared to only an increase of 25.2% in Operating Expenses. Operating expenses fell to 23% of collections, reflecting maturity of book and market leading overhead cost structure (operating costs included total overheads and collection costs)
  - Since FY2014, costs as percentage of core collections has reduced by c.12ppts to 23% in Q1 2018
  - The quarter is impacted by the recovery of a number of large single positions that have a lower cost to collect percentage and therefore is not necessarily indicative of the anticipated operating expense ratio

Normalised Adjusted EBITDA (€m)



- **Key Commentary**
  - Strong core collection performance combined with cost efficiencies resulted in Normalised Adjusted EBITDA growth of 51% y-o-y
  - Normalised Adjusted EBITDA for LTM = €98m, 52% up on March 2017

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

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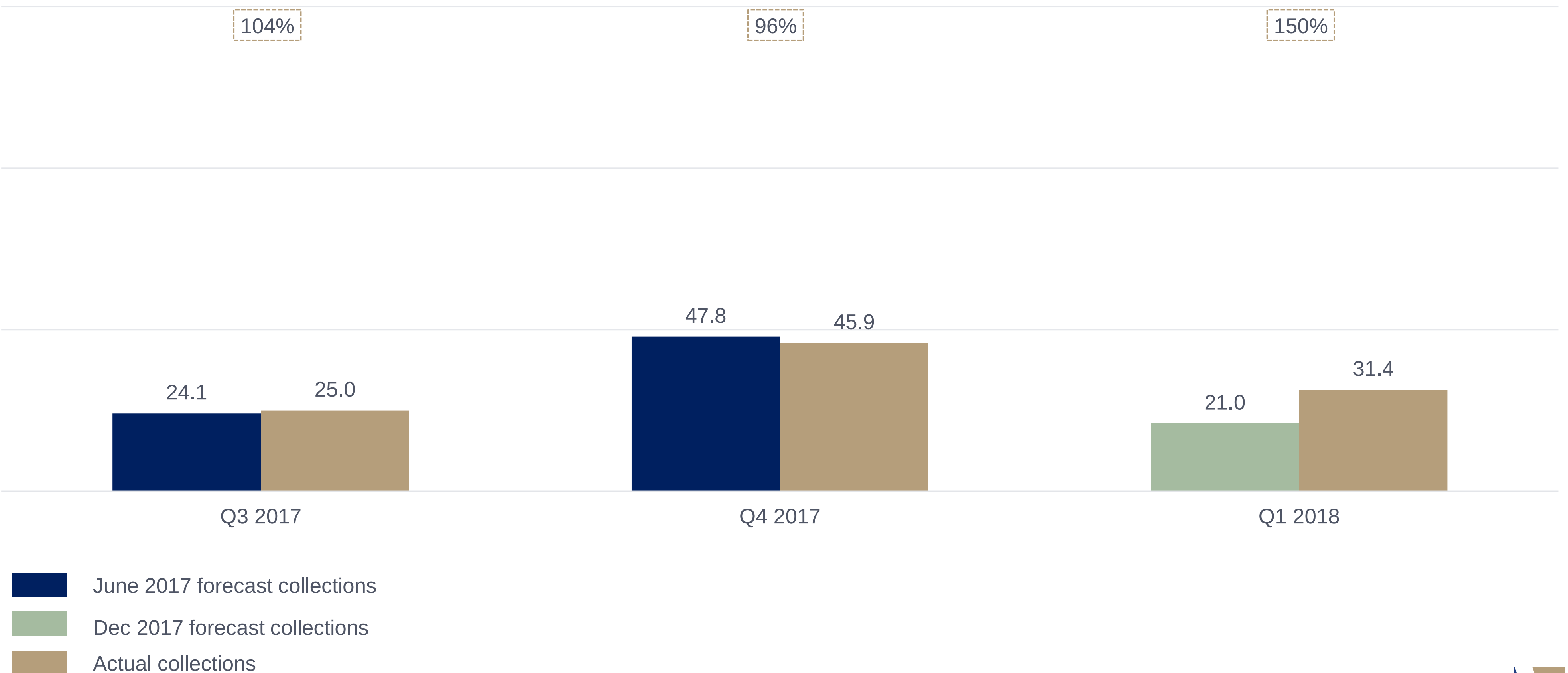
Q1 2018 Attributable Collections 150% of December Forecast, Driven by Variation in Timing

AFE Q1 2018 Total Attributable Gross Collections Performance (€m)



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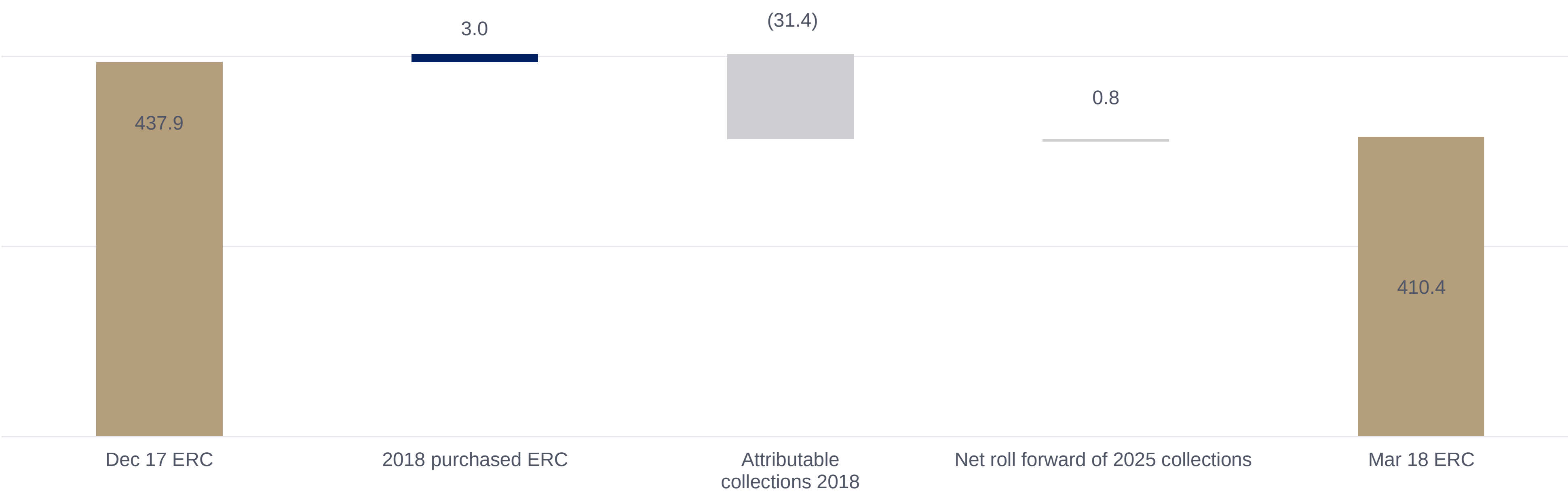
Bridge of ERC Movements in Q1 2018

84-Month ERC Bridge – Q1 2018



1 Net roll forward of 2025 collections is the net impact of adding the additional period of 2025 to ERC, it excludes ERC purchased in the year that is estimated to be collectable 2025.

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Net Debt Profile of AFE: Net Debt\LTM Adj. EBITDA Reduced to 2.68x

Net debt as of 31 March 2018 (€m)

Bonds issued	325
SSRCF (utilised) (1)	15
Total debt	340
Less:	
Cash at bank	(69)
Cash due from servicers	(10)
Add back:	
Amounts due to co-investors	1
Net debt	**262**

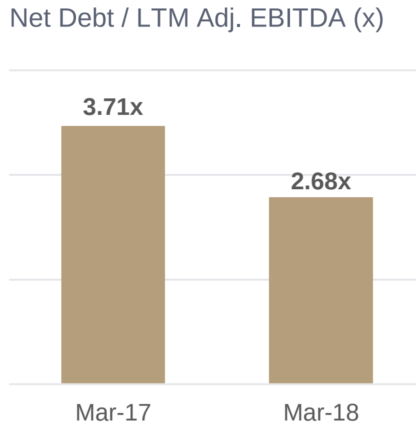
Reconciliation of total debt to the Financial Statements (€m)

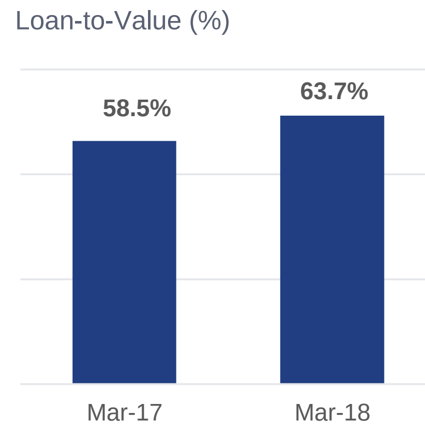
Total debt	325
Unamortised discount on issuance of the Notes	(2)
Unamortised transaction fees	(8)
Borrowings (non-current liability)	315
Accrued interest (current liability)	3
SSRCF (drawn) (1)	11
Total borrowings per Financial Statements	**329**

Key Indicators

84-Month ERC	€410m
LTV Ratio	63.7%
Net Debt / LTM Adj. EBITDA	2.68x
LTM Adj. EBITDA	€98m
Pro Forma Net Interest Expense	€19m
Pro Forma FCCR	5.26x
Liquidity	€144m, incl. €75m undrawn SSRCF and €69 cash available
Financial Covenant	63.7% LTV (vs 75% threshold)
SSRCF Covenant	3.6% LTV (vs 25% threshold)

Leverage Evolution





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.

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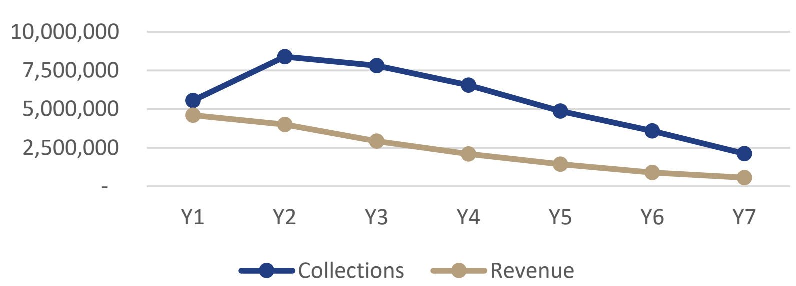
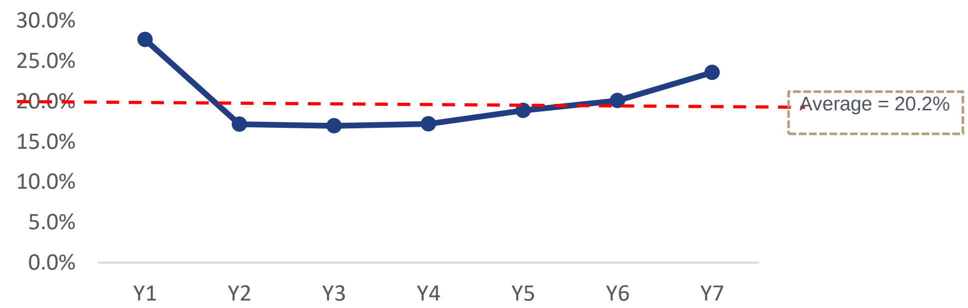
Illustrative Analysis of Cost to Collect, Revenue & Gross Collections For i) a Full 7 Year Horizon & ii) the First 12 Months After Deployment

Projected Revenue & Gross Collections over 7 year horizon



Cost to collect/Gross Collections over a 7 year horizon



	Q1	Q2	Q3	Q4	Total
Collections	882,000	1,197,000	1,596,000	1,890,000	5,565,000
Costs	311,765	395,612	440,288	392,324	1,539,989
%	35.3%	33.1%	27.6%	20.8%	27.7%
Average per half year	34.2%		24.2%		

- Costs to collect are typically higher in the early phase of a portfolio acquisition due to start up costs e.g. migration
- Depending on when deployment occurs during the year there could be a significant impact on the P&L in that period
- The above costs to collect do not include overheads. Overheads as a % of Gross Collections typically range between 5% - 7%

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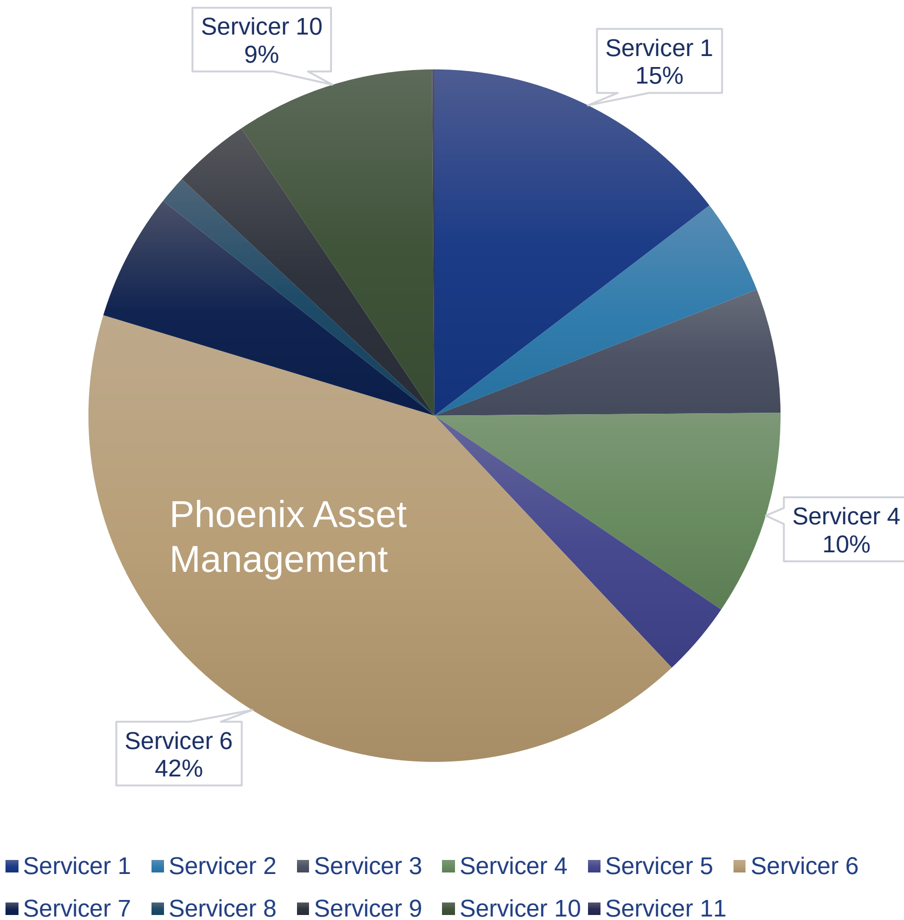
ERC by Servicer



- Panel currently consists of 11 servicers across 5 countries at March-end
- Largest concentration is PAM in Italy who manage €171m (42%) of ERC for AFE
- Additional servicer currently being boarded in Italy to drive improvements in our consumer unsecured collections capabilities
- 2 new servicers ready to be added to the panel based on deals currently in pipeline

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Update of Phoenix Asset Management (PAM)

PHOENIX ASSET MANAGEMENT

Phoenix Asset Management – Snapshot

Region	Italy
% Economic Ownership of AFE	30%
AnaCap Partnership Since	2013

	2015	2017	CAGR (2015-2017)
Number of Accounts	6,952	16,097	52%
AuM	€1.4bn	€9.7bn	160%
Revenue	€0.47m	€6.08m	259%
EBITDA	€(0.25)m	€2.95m	N/A

Commentary & Highlights of AnaCap/PAM Partnership

- Partnership started in 2013 with due diligence and asset management support for our early Italian transactions
- Partnership developed from advisory role to current role (fully-fledged servicer of secured and unsecured SME/ corporate NPLs)
- Partnership with PAM provides additional local expertise to AnaCap as well as dedicated resources
- AnaCap engagement supporting operational build-out including enhancement of internalised asset management
- PAM is now a scalable platform with 38 FTEs and its own in-house, proprietary collection systems ("PAL") servicing a range of international investors, and local banks with 5 clients in total at the end of 2017

Sources: Company Information

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Pipeline Update

- Large diversified pipeline leading to significant near term capital deployment
  - Completion of a new Romanian secured portfolio totalling €15.8m spend in Q2
  - 2 further tranches of previously signed Spanish portfolio of €5.1m and €2.6m funding in April and June
  - In exclusive discussions regarding deals that would result in total of €90m spend in Portugal and Spain

- Significant further near term opportunities in core markets of Italy, Spain and Portugal, allowing us to remain highly selective in deployment

- Actively bidding on an opportunity in Poland, where AnaCap has extensive wider investment experience and where secured portfolio activity continues to develop

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Conclusion

- Continued strong financial performance, with collections off to a strong start in 2018 and significant further de-leveraging overall

- Margin improvement driven by both strong collections on the back book and efficient cost structure

- Large ongoing pipeline of portfolio opportunities across each of core markets and targeted new geographies, particularly in secured portfolios where we have extensive experience, enabling us to selectively deploy capital

- Continuing to further develop AFE operations, including:
  - Appointment of Ed Green, an 11 year AnaCap veteran, to oversee all AFE operations
  - Significant further development of our proprietary Minerva IT platform
  - Ongoing re-investment in and development of our Italian and Spanish servicing companies
  - Further expansion of servicing panel, including the introduction of new ‘challengers’ on targeted asset types
  - Strong culture of regulatory compliance, including strict adherence to new GDPR guidelines

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Q&A

Any Questions?

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Appendix

- Normalised and Adjusted EBITDA reconciliations
- Glossary

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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

	Q1 2018 Per Financial Statements (€'m)	LTM Normalised Adjusted EBITDA (€'m)
Profit before tax	6.9	14.3
Finance costs/income	4.3	18.6
Share of profit in associate	(0.2)	(0.5)
FX	(0.1)	0.4
(Reversal of impairment)/impairment	(0.6)	11.1
Gross Collections	32.8	133.1
Revenue	(17.9)	(78.2)
Repayment of secured loan notes	(0.9)	(3.5)
Non-recurring items	-	2.4
Normalised and Adjusted EBITDA	24.3	97.7

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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

	Q1 2018 Per Financial Statements (€'m)	LTM Normalised Adjusted EBITDA (€'m)
Net cash generated from operating activities	23.0	71.8
Acquisition of purchased loan portfolios	0.3	25.6
Repayment of secured loan notes	(0.9)	(3.5)
Working capital adjustments	2.0	3.5
FX	(0.1)	0.3
Normalised and Adjusted EBITDA	24.3	97.7

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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

	Q1 2018 Per Financial Statements (€'m)	LTM Normalised Adjusted EBITDA (€'m)
Gross Collections	32.8	133.1
Operating expenses	(7.0)	(43.4)
FX	(0.1)	0.4
Reversal of impairment/impairment	(0.6)	11.1
Repayment of secured loan notes	(0.9)	(3.5)
Normalised and Adjusted EBITDA	24.3	97.7

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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”** - €75m undrawn on the Facility plus cash available of €69m as at 31 March 2018.
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 31 March 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.

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