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 2019

21 May 2019

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Today's Presenters

Justin Sulger – Head of Credit Investments,
AnaCap Financial Partners LLP

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 2019 to 31 March 2019. In order to provide the bond holders with comparative performance data for the year ended 31 March 2019, this presentation combines the results of the Portfolio Business for the period 1 April 2017 to 20 July 2017 with the results of AFE for the period 21 July 2017 to 31 March 2018 in order to provide performance data for the year ended 31 March 2018. The appendices to this presentation contain a reconciliation of the results within the Financial Statements to the results of the Portfolio Business.

Agenda

1. Key Highlights
2. Financial Review
3. Asset Management Review
4. In Summary

Key Highlights

Justin Sulger

Q1 2019 Key Highlights

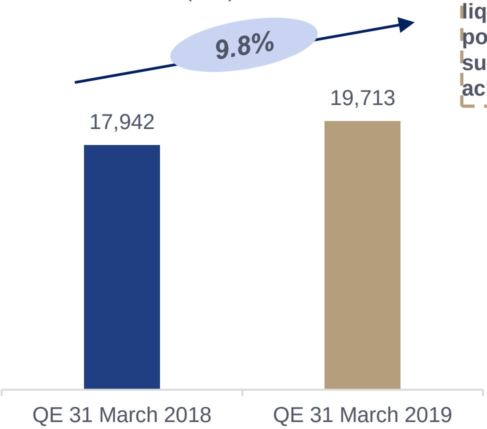
Financial Performance	▪ €31.8m of Gross Collections, 11.3% ahead of forecast ▪ €22.4m Adjusted EBITDA ▪ 26.9% Total Operating Cost Ratio ▪ Net Debt to LTM Adjusted EBITDA at 3.79x and LTV Ratio of 64.8%
Portfolio	▪ €555.4m 84-month ERC diversified across core geographies, now 42% Italy, 23% Portugal and 21% Spain ▪ €728.6m of underlying real estate collateral and cash-in-court ▪ 2018 portfolio purchases performing well ahead of underwritten expectations, driven by strong early settlements above forecast ERC ▪ Embedded growth in collections from existing, predominantly secured portfolio
Capital Deployment	▪ Continue to remain disciplined and selective with deployment of capital ▪ Purchased one new secured Spanish NPL portfolio on 1 April 2019 for c.€9m, a direct proprietary follow-on investment ▪ Strong pipeline across each of our core geographies, including numerous bilateral opportunities in Italy, Spain and Poland ▪ On 3 May 2019 AFE purchased bonds with a nominal value of €10m which were cancelled with immediate effect
Operational Enhancement	▪ Continued development of AnaCap Minerva IT platform, analytics and asset management teams ▪ AnaCap Minerva platform now integrates data from 14 servicers across 6 geographies ▪ Launched AFE subsidiary in Portugal following regulatory approval, supporting management of our local servicing panel ▪ Further development in both Phoenix Asset Management (Italy) and Galata Asset Management (Spain)

Financial Review

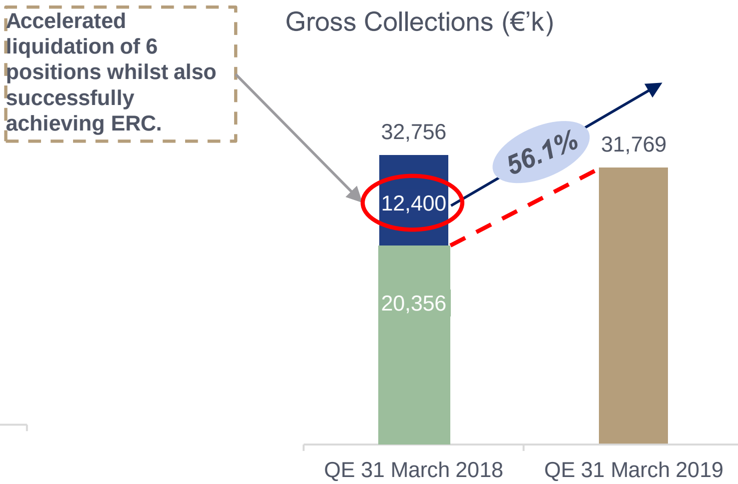
Chris Ross-Roberts

Financial Highlights for the Quarter Ended 31 March 2019 – Strong Collections & Positive Revenue Results in Q1 2019

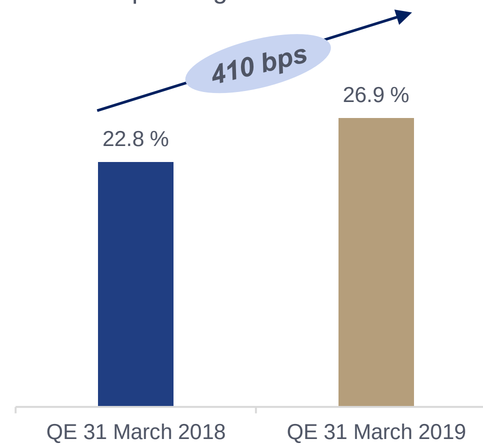
Revenue (€'k)



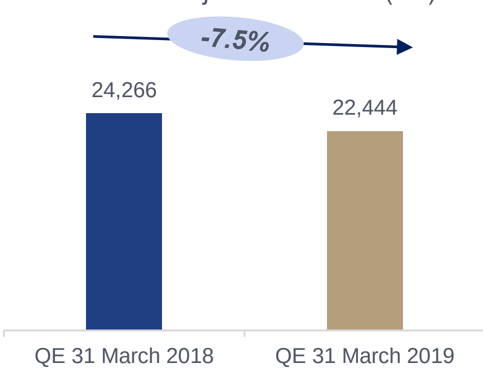
Gross Collections (€'k)



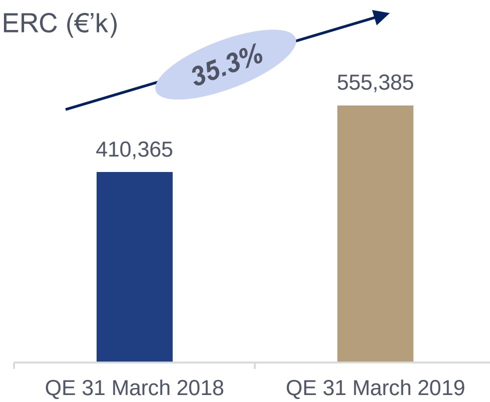
Total Operating Cost Ratio [1]



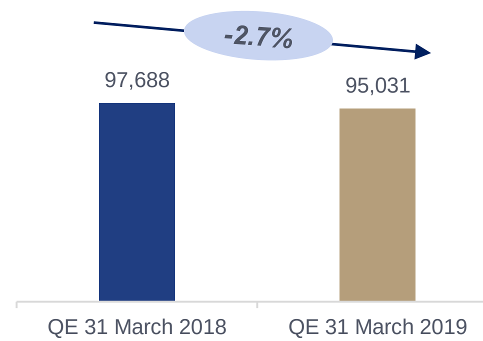
Normalised Adjusted EBITDA (€'k)



ERC (€'k)



LTM Normalised Adjusted EBITDA [2] (€'k)

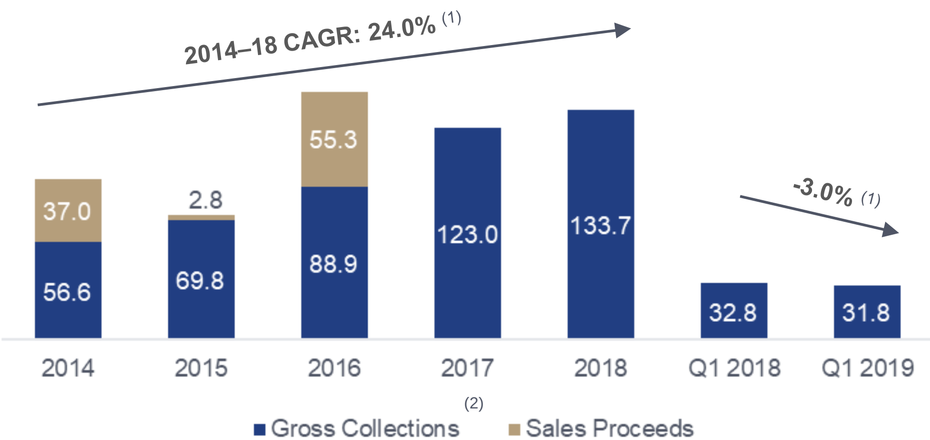


Quarter ended 31 March 2018 | Quarter ended 31 March 2019 | Growth

1 Total operating cost ratio, represents the ratio of operating expenses (excluding non-recurring items, impairment and foreign exchange gains/losses) to Gross Collections
2 Comparative period includes results of the Portfolio Business

Growth in Collections & ERC

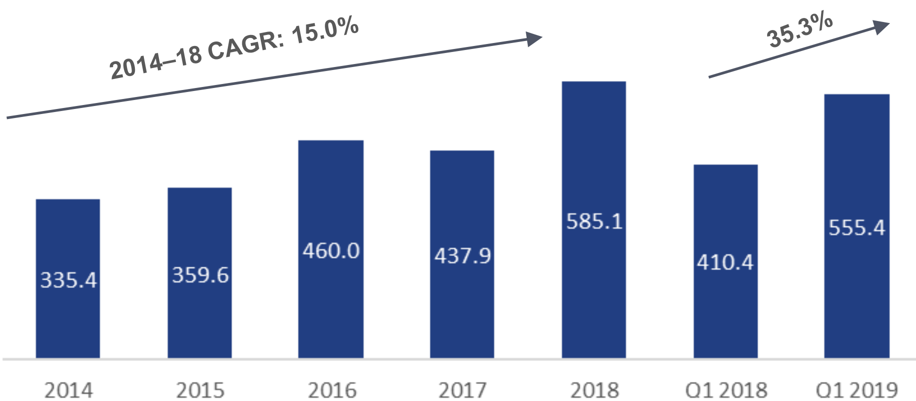
TOTAL GROSS COLLECTIONS (€M)



Key Comments

- Long term growth in Gross Collections
- Nature of secured portfolio purchases made in 2018 will see growth in collections in 2020
- Gross Collections 3% below prior year for the quarter (March 2018 included large c.€12.4m collection on 6 liquidated positions)
- Gross Collections 11.3% ahead of forecast for the quarter
- 2018 vintage portfolios performing positively and ahead of expectations through accelerated recoveries

84-MONTH ERC (€M)



Key Comments

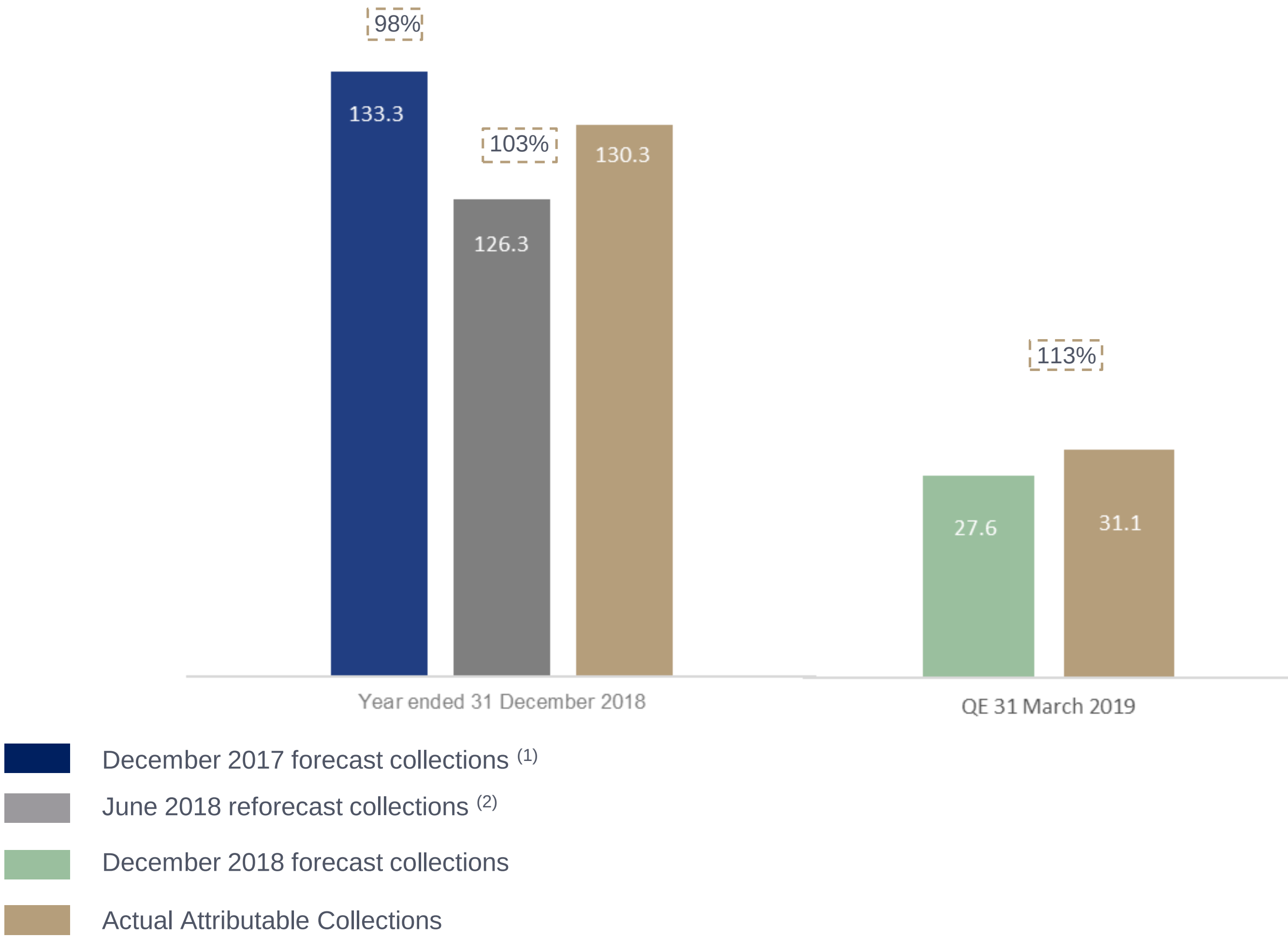
- ERC has grown by 35.3% as of 31 March 2019 compared to the prior period
- Increase in ERC driven by selective deployment in 2018 in targeted geographies and asset types (predominantly real estate secured)
- Further diversification of ERC into core geographies and one new geography with Poland during 2018
- New portfolio purchase completed for c.€9m on 1 April 2019
- 2019 purchases anticipated to be weighted in H2 2019

Sources: Company Information

1. Compound annual growth is based on core collections only.
2. Gross Collections includes Core Collections plus sales proceeds (if any)

Quarter Ended 31 March 2019 – YTD Gross Attributable Collections 13% Ahead of Forecast Driven by Accelerated Recoveries

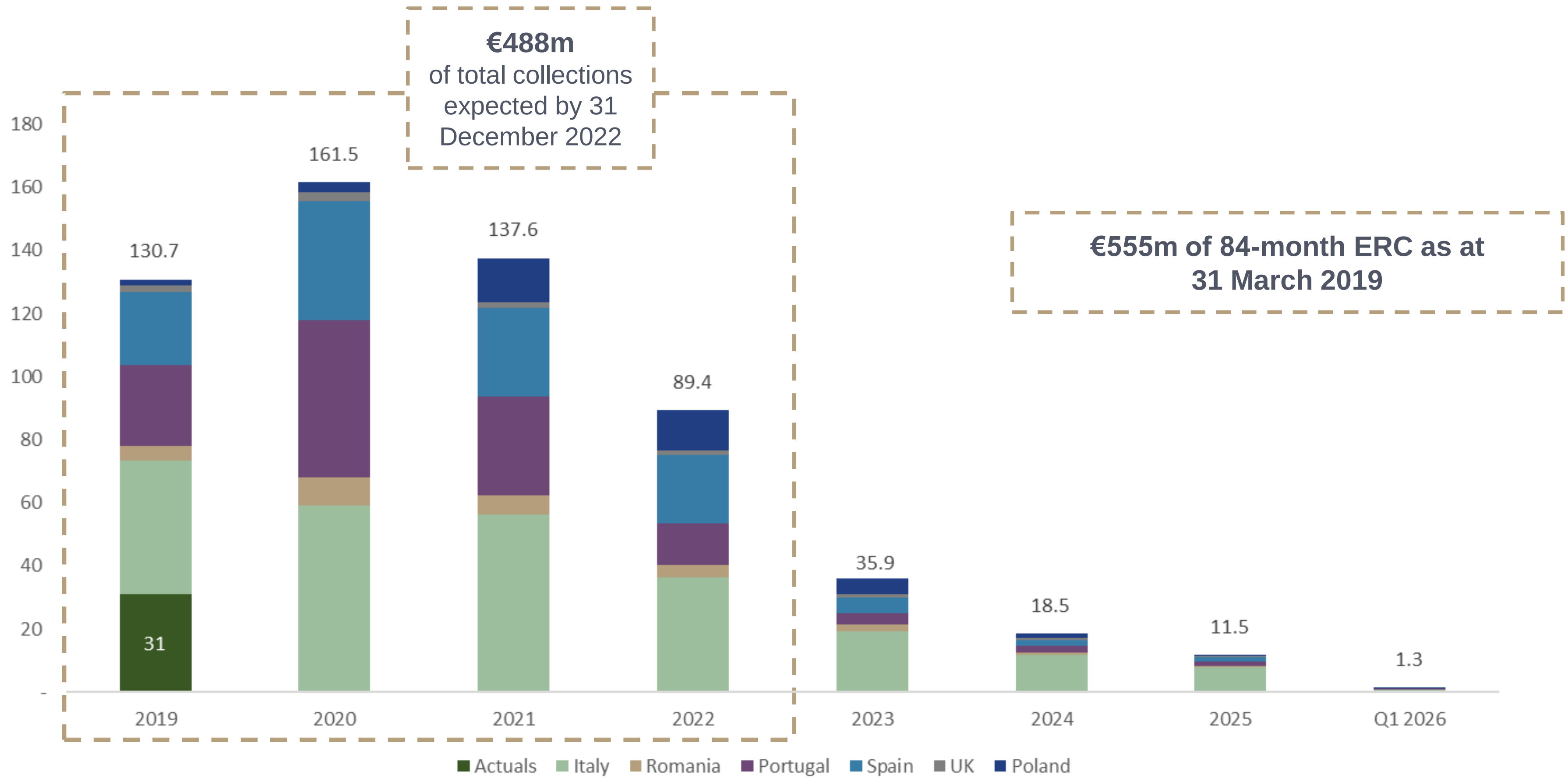
AFE QUARTER ENDED 31 MARCH 2019 TOTAL ATTRIBUTABLE GROSS COLLECTIONS PERFORMANCE (€M)



1. December 2017 forecast collections include underwritten collections for portfolio purchases in 2018
2. June 2018 reforecast collections include underwritten collections for portfolio purchases in H2 2018

2018 Deployment Embeds Growth in Cash Generation Out to 2020 – A Good Indicator of Adjusted EBITDA Growth

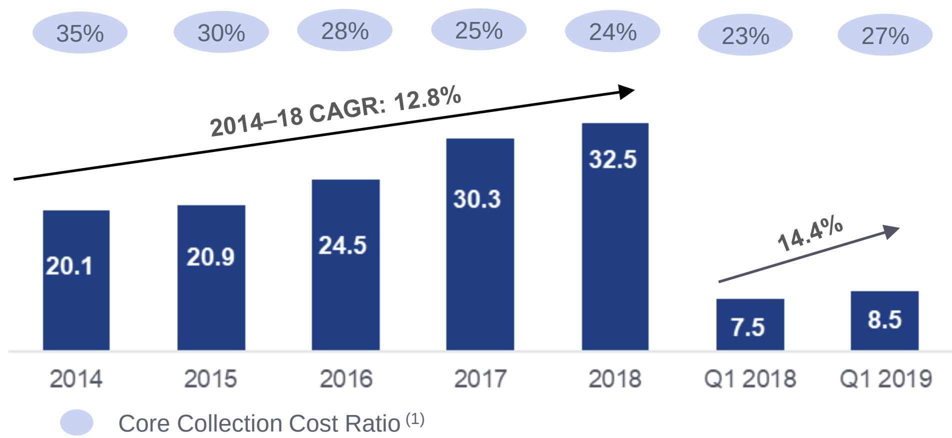
AFE €555M 84-MONTH ERC AS AT 31 MARCH 2019 BY YEAR & GEOGRAPHY (€M)



1 ERC is based on Gross Attributable Collections as opposed to Gross Collections. Gross Attributable Collections excludes collections collected on behalf of co-investors whereas Gross Collections include collections attributable to co-investors but only takes into account net collections for investments accounted for as purchased loan notes and joint ventures. See appendix for reconciliation between Gross Collections and Gross Attributable Collections.

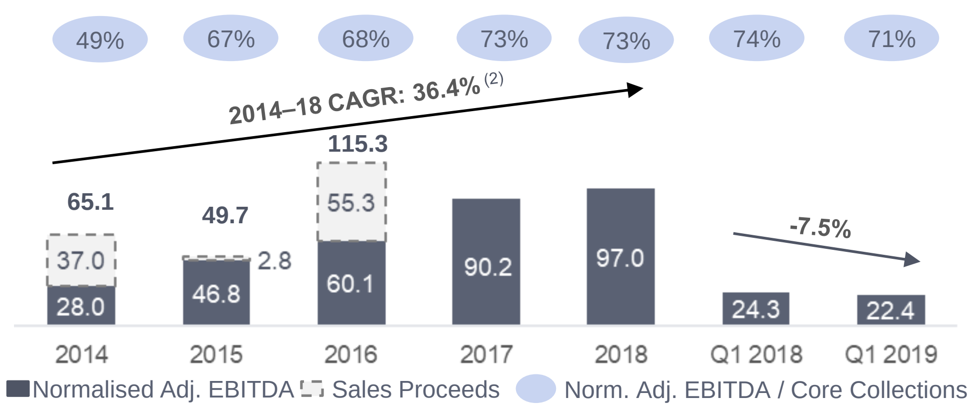
Market Leading Cost Structure & Margins

OPERATING EXPENSES (€M) [1]



- Long term trend of improving Core Collection Cost ratio from 35% in 2014 to 24% in 2018
- Deployment in 2018 will result in some uplift in cost during 2019
- Operating expenses [1] includes all costs (including overheads). AFE's master servicing model allows for a market leading cost structure

NORMALISED ADJUSTED EBITDA (€M)



- LTM Adjusted EBITDA €95.0m, ahead of forecast following strong Q1 2019 collections and operating expenses below forecast
- LTM Adjusted EBITDA 47% higher than at time of bond issue
- 84-month ERC profile embeds growth in Adjusted EBITDA in 2020

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

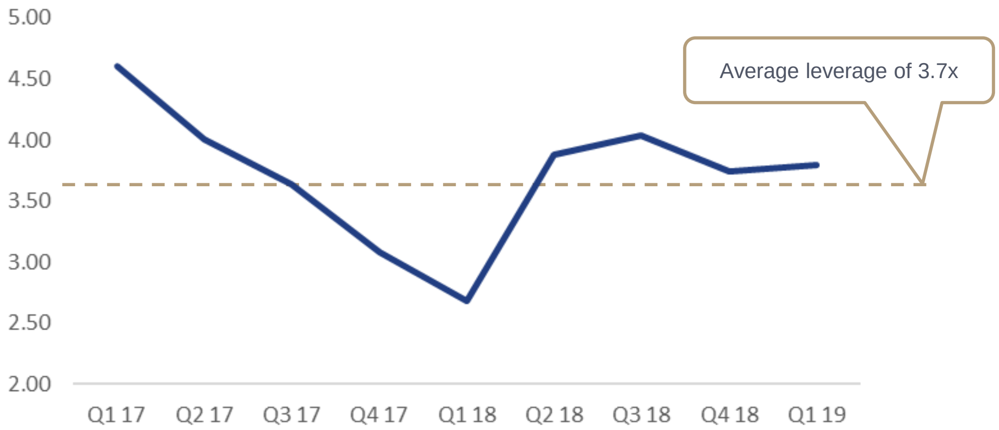
Positive Key Debt Metrics

	Q1 2019	YE 2018
84-Month ERC	€555.4m	€585.1m
LTM Adj. EBITDA	€95.0m	€97.0m
LTM Net Interest Expense	€21.5m	€20.5m
Net Debt / LTM Adj. EBITDA	3.79x	3.74x
LTV Ratio	64.8%	62.1%
SSRCF LTV Ratio	2.2%	3.3%
FCCR	4.42x	4.73x
Liquidity – cash (excludes cash held at servicers)	€44m	€37m
Liquidity – undrawn RCF	€28m	€26m

- Leverage of 3.79x in line with year end position
- LTV Ratio of 64.8% vs financial covenant of 75%
- SSRCF LTV Ratio of 2.2% vs financial covenant of 25%

Proven Ability to De-lever - Leverage In Line With Market Guidance at 3.79x. Pro-Forma Leverage at 31 March 2019 at 3.03x

Leverage Evolution



- Between March 2017 and March 2018 group leverage fell from 4.60x to 2.68x
- Leverage increased to 3.79x at 31 March 2019, 3.74x at 31 December 2018
- Leverage expected to rise again above 4.0x during 2019 before again decreasing as collections from existing assets impact Adjusted EBITDA
- Pro-forma leverage[(1)] at 31 March 2019 of c.3.03x

LTM ADJ. EBITDA Evolution

- Between March 2017 and March 2018 Adjusted LTM EBITDA grew by 52% reflecting strong deployment in 2016
- Existing portfolios anticipated to drive growth in Adjusted EBITDA in 2020

1. Pro- forma leverage is calculated by applying current Core Collection Cost ratio to Gross Collections forecast in the period 1 April 2020 – 31 March 2021 to estimate pro-forma Adjusted EBITDA and then dividing the Net debt as of 31 March 2019 by pro-forma Adjusted EBITDA

Financial Policy

- AFE's financial policy is to adopt a forward looking approach to leverage, given its focus on predominantly secured portfolios, where collections are typically higher in years 2 & 3 than in the year of purchase

- A forward looking pro-forma maximum has been set at 3.5x

- The pro-forma leverage at 31 March 2019 is c.3.03x as set out below:

	€m's
Forecast Gross Collections on existing assets for the period 1 April 2020 – 31 March 2021	162.4
Pro-forma Adjusted EBITDA	118.7
Net debt as at 31 March 2019	359.9
Pro-forma leverage	**3.03x**

From existing ERC (see slide 11).

Based on Core Collection Cost ratio for Q1 2019 (see slide 12).

- Given typical collections and AFE cost profile, leverage at any static point in time can increase beyond the pro-forma leverage range

- A dividend has been paid in March 2019 of €10.1m, with no further dividends expected in 2019. Dividends are expected to be paid annually, however this is subject to leverage, liquidity and profitability

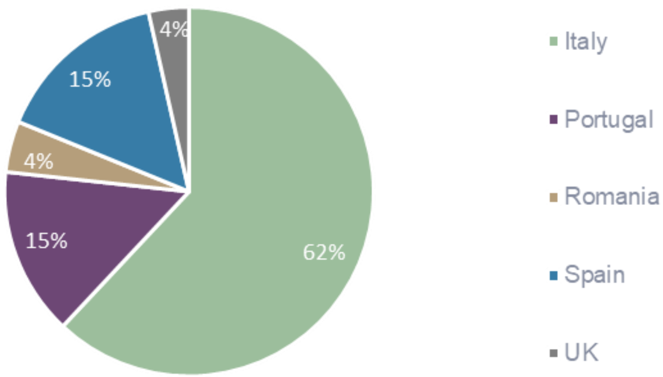
- We are constantly reviewing our capital structure and liquidity position and look to optimise them over time; depending on market conditions and our operating results, this could include open market repurchases of securities, among other strategies:
  - On 3 May 2019 AFE successfully purchased bonds with a nominal value of €10m. These were then cancelled with immediate effect.

Asset Management Review

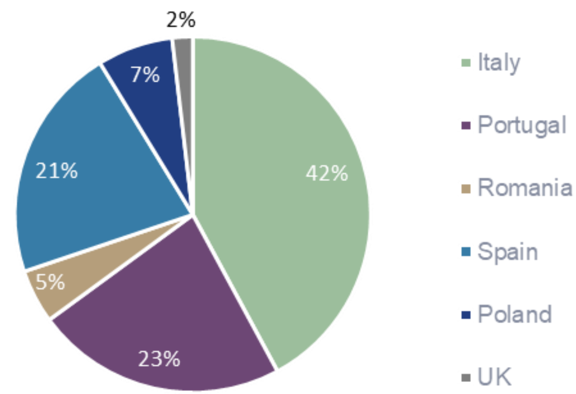
Ed Green

Enhanced Diversification Across Geographies Reflective of AnaCap's Longer Term Track Record

€410.4m 84-Month ERC by Geography – March 2018



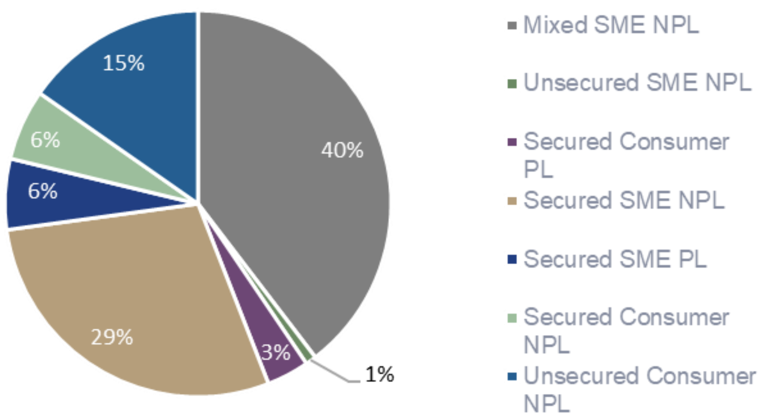
€555.4m 84-Month ERC by Geography – March 2019



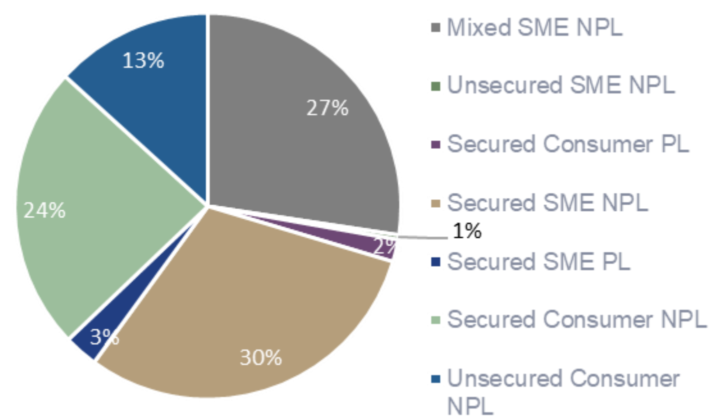
- Continued diversification of 84-month ERC on the back of successful deployment in 2018
- 42% of total 84-month ERC is attributable to Italy as at 31 March 2019 in comparison to 62% as at 31 March 2018
- Diverse spread of 84-month ERC across all core geographies
- Entrance into a new geography with Poland now representing 7% of 84-month ERC.

Enhanced Diversification Across Asset Types Reflective of AnaCap's Longer Term Track Record

€410.4m 84-Month ERC by Asset Type
– March 2018



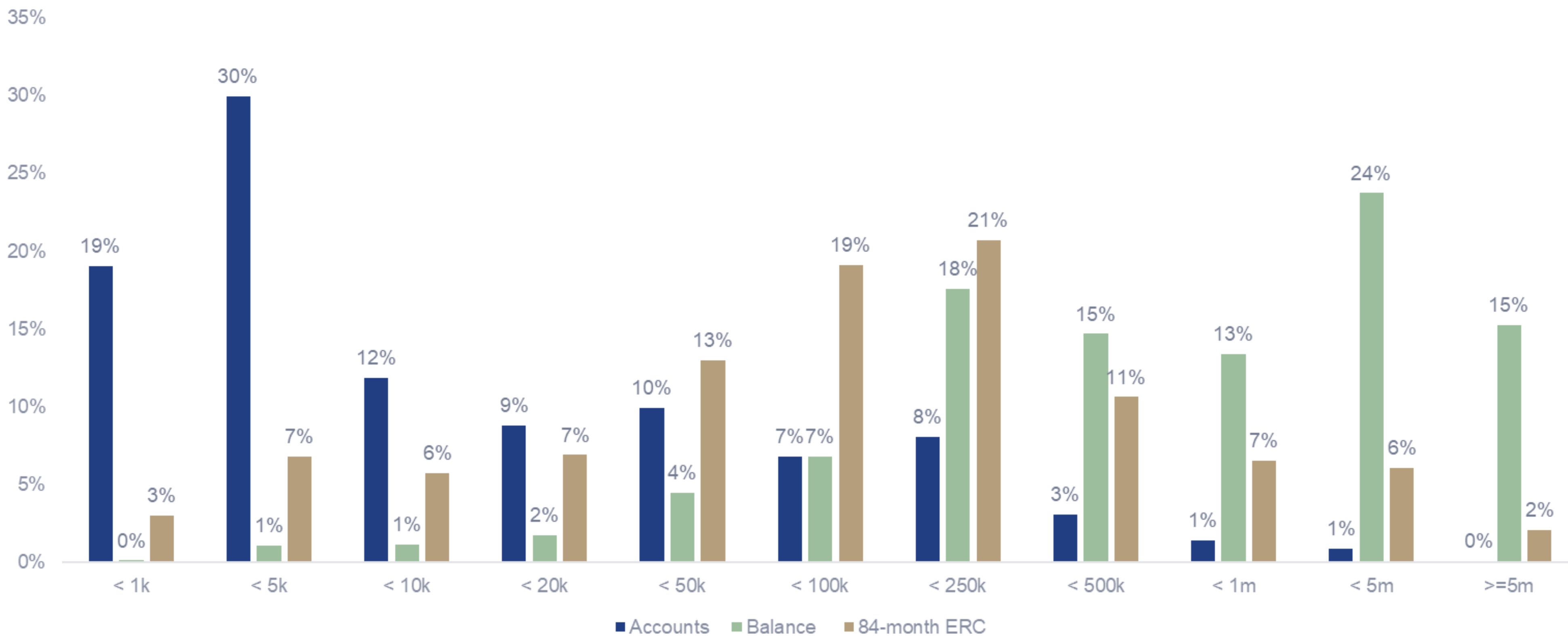
€555.4m 84-Month ERC by Asset Type
– March 2019



- Maintained focus on predominantly secured portfolios
- Increase in ERC attributable to secured consumer NPL portfolios reflecting targeted deployment activity in Portugal and Poland

Highly Diversified Predominantly Secured Portfolio

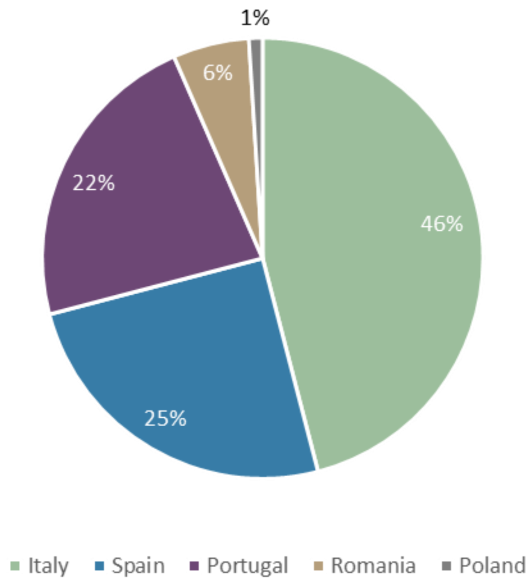
TOTAL ACCOUNT AND TOTAL BALANCE DISTRIBUTION BY BALANCE BAND AND 84-MONTH ERC



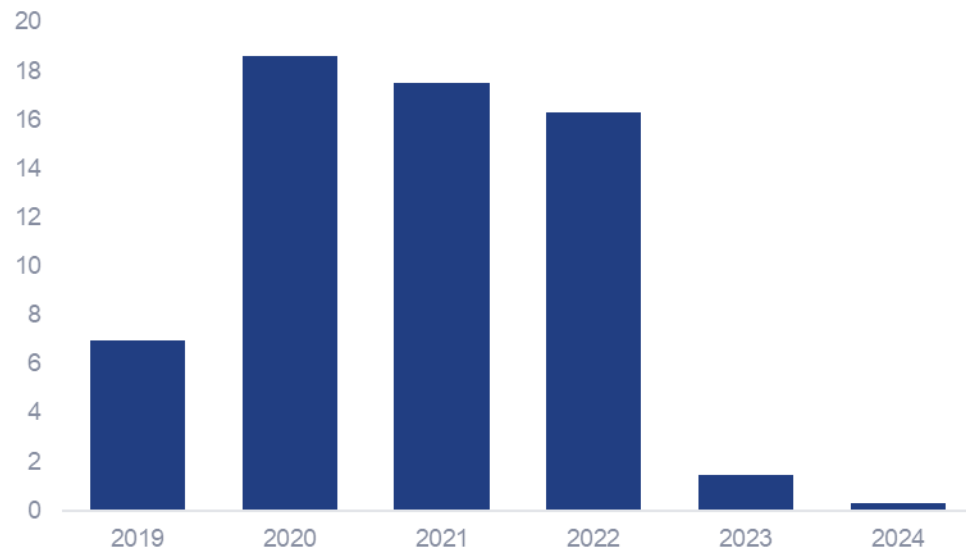
- Broad distribution of accounts at varied balance levels
- High balance bands exceeding €500k reflecting significantly secured nature of the portfolio, driving low cost operating model

ERC By Top 50 Positions

84-Month ERC by Geography for the Top 50 Positions



84-Month ERC (€m) by Year for the Top 50 Positions



- Top 50 positions account for c.€61m, c.11% of total 84-month ERC
- Diversified spread of 84-month ERC across all core geographies, including a new geography with Poland
- Each position is backed by a diverse range of collateral types with significant potential upside vs liquidation value
- Only 11% expected in 2019 with significant embedded growth opportunity in these positions.

Note: Top 50 ERC analysis references the underlying basis of line level forecasting, whether an individual unit of collateral for a large secured position or an individual loan/consumer for an unsecured position

Key Developments in AFE Asset Management Platform

SELECTED OPERATIONAL HIGHLIGHTS – UPDATES AND NEXT STEPS

	Key updates	Next Step
Portugal	▪ Regulatory approval secured for securitisation vehicle (STC) ▪ Efficient mechanism for acquisition of Portugal NPLs with cost and data advantages	▪ Formal launch of Lisbon office ▪ Build out of special servicing, legal and analytics capabilities within Portugal
Spain	▪ Launch of secured module within Galata collections system ▪ Office relocation to support expansion	▪ Selective champion/challenge of existing Spain portfolio ▪ Build out of SME secured debt specialise servicing expertise
Italy	▪ Collections system re-platforming within Phoenix Asset Management (PAM) ▪ Launch of PAM Milan Office & expansion of Real Estate team	▪ Further enhancement to strategies for secured debt collection (including auction optimisation) ▪ Additional build out of Real Estate and unsecured capabilities
Minerva Digital Platform	▪ Datawarehouse optimisation under leadership of newly appointed Head of Analytics ▪ Extending scope of daily data capture	▪ Integration/roll-out into Portugal operation

Continued build out of localised expertise in conjunction with development of Minerva platform

In Summary

Justin Sulger

In Summary

1. Better than forecast collections and lower costs driving outperformance in Adjusted EBITDA of €22.4m for the quarter
2. Master servicing model, working with established servicing panel, underpins industry leading Total Operating Cost Ratio (26.9% in Q1 2019)
3. Cost efficiency helps ensure AFE is able to maintain pricing discipline and selective deployment, with only one new portfolio purchased so far in 2019
4. Continued development in AnaCap Minerva IT platform and local subsidiaries supporting underwriting and driving collections outperformance
5. Embedded growth in portfolio collections, including strong early performance from significant purchases in 2018
6. Leverage metrics of Net Debt to LTM Adjusted EBITDA at 3.79x and LTV ratio of 64.8%; bonds with €10m nominal value purchased on 3 May 2019 and cancelled with immediate effect

Q&A

Any Questions?

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Appendix

- Normalised and Adjusted EBITDA reconciliations
- Consolidated Statement of Income reconciliation for the year ended 31 March 2018
- Reconciliation from Gross Collections to Gross Attributable Collections
- 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

	12 months to 31 March 2019 (€'m)	12 months to 31 March 2018 (€'m)	Variance (€'m)	Variance (%)
Profit before tax	19.8	14.2	5.6	39.5%
Finance costs/(income)	21.4	18.4	2.9	15.7%
Share of profit in associate	(0.8)	(0.5)	(0.3)	58.4%
FX	(0.1)	0.6	(0.7)	(120.8%)
Impairment	2.9	11.2	(8.2)	(74.3%)
Gross Collections	132.7	133.0	(0.3)	(0.2%)
Revenue	(77.4)	(78.1)	0.7	(1.0%)
Other income	0.2	-	0.2	-
Repayment of secured loan notes	(4.3)	(3.5)	(1.8)	24.1%
Non-recurring items	0.6	2.4	(1.8)	(73.8%)
Normalised and Adjusted EBITDA	**95.0**	**97.7**	**(2.7)**	**(2.7%)**

Consolidated Statement of Comprehensive Income

The appendix contains reconciliations between the figures per the Financial Statements and the figures used for the purposes of this presentation: Consolidated Statement of Comprehensive Income for the year ended 31 March 2018:

	Per 2017 year-end Financial Statements (€'m)	Impact of 20 days (€'m)	Full 6 months 30 June 17 to 30 Dec 17 (€'m)	1 April 2017 - 30 June 17 (€'m)	Q1 2018 per Financial Statements (€'m)	Full 12 month period to 31 March 2018 (€'m)
Total Gross Collections	67.8	5.1	72.9	27.4	32.8	133.0
Revenue	33.3	4.8	38.0	22.2	17.9	78.2
Collection activity costs	(10.3)	(1.0)	(11.3)	(5.9)	(5.2)	(22.3)
Impairment	(7.4)	-	(7.4)	(4.4)	0.6	(11.2)
Operating costs – recurring (1)	(5.3)	(0.4)	(5.8)	(2.0)	(2.3)	(10.0)
Operating costs – non-recurring (2)	(2.4)	-	(2.4)	-	-	(2.4)
Finance costs/income	(9.7)	(0.3)	(10.0)	(4.1) (3)	(4.3)	(18.4)
Share of profit in associate	-	-	-	-	0.2	0.2
Profit/(loss) before tax	(1.5)	3.0	1.5	5.8	6.9	14.2

1 Recurring items includes FX
2 Non-recurring items include costs associated with completion of the Acquisition. In total this amounted to €13.9m, of which €2.4m has been expensed directly to the Consolidated Statement of Comprehensive Income.
3 Pro forma interest expense i.e. as if the bonds had been issued on 1 January 2017.

Reconciliation from Gross Collections to Gross Attributable Collections

Collections are monitored in two different ways:

1) Gross Collections. Gross Collections refers to the way collections are accounted for in the Financial Statements. These comprise of collections (including any portion attributable to co-investors) received before any costs to collect are deducted for purchased loan portfolios and net collections (i.e. net of costs to collect) for purchased loan notes and investments in joint ventures

2) Gross Attributable Collections. Gross Attributable Collections refer to collections which are for the sole benefit of the Group. These comprise of collections received before any costs to collect are deducted for purchased loan portfolios, purchased loan notes and investments in joint ventures however only those collections which are attributable to the Group i.e. excluding co-investors portion of collections.

For the quarter ended 31 March 2019 a reconciliation can be found below reconciling Gross Attributable Collections to Gross Collections:

Reconciliation to Gross Collections (accounting)	
Q1 March 2019 Gross Attributable Collections	**31,051**
Adjustment for purchased loan notes	(428)
Adjustment for investments in joint ventures	(255)
Gross up for portfolios with co-investors	1,400
Q1 March 2019 Gross Collections	**31,768**

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”** - €28m undrawn on the Facility plus cash available of €44m as at 31 March 2019.
- **“LTM Adjusted EBITDA”** means Adjusted EBITDA for the 12 month period to 31 March 2019.
- **“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.
- **“Net interest expense”** means interest expense incurred for a period of 12 months.
- **“Fixed Cover Charge Ratio (“FCCR”)”** is calculated as LTM Adjusted EBITDA divided by 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 collections attributable to AFE Group before costs and 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.