AFE experience some delay in collections and higher year-on-year ERC with further embedded growth

Financial results for the 6 months ended 30th June 2023

13th September 2023

AFE S.A. SICAV-RAIF ("AFE" or the "Company") has today announced the financial results for the 6 months ended 30th June 2023.

Key financial highlights for the period are summarised in the table below:

	Six Months Ended 30th June 2023	Six Months Ended 30th June 2022	Variance
Total Attributable Collections	**€43.2m**	**€84.1m**	**-48.6%**
Revenue	**€33.6m**	**€48.1m**	**-30.1%**
LTM Adjusted EBITDA	**€73.5m**	**€135.9m**	**-45.9%**
Core Collection Cost Ratio	**57.8%**	**20.1%**	**+37.7%**
Adjusted EBITDA leverage ratio	**5.02x**	**2.55x**	**+2.47x**
84-Month ERC	**€518.7**	**€509.8**	**+1.8%**

Key Highlights:

- The Company delivered €43.2m in Total Attributable Collections for the 6 months ended 30th June 2023, which was €15.5m below forecast. Underperformance was driven by delayed collections as well as lower than expected recovery from targeted disposals of residual NPL portfolios in Italy and Portugal. €8.2m of the delayed collections were already realised post quarter-end.
- H1 deployment was limited to €10.4m into existing investments, resulting in €18.9m of new ERC, with additional embedded ERC growth of €58.2m expected from already contracted follow-on investments.
- June revaluation of the portfolio resulted in a €10.2m increase in ERC (2% of ERC) and a €3.3m net increase in fair value of assets to €316.8m.
- Increase in Adjusted EBITDA leverage to 5.02x was driven by the temporary delay in collections. Leverage expected to come back down in H2 and beyond as collections recover, even without significantly increased deployment.

Capital Structure and Liquidity

As at 30th June 2023, the Company had Net Debt to Adjusted EBITDA of 5.02x and an LTV ratio of 71.1% against the RCF covenant of 75.0%, with a consolidated cash balance of €7.5m. The Company is currently working with advisers to explore options for managing the maturities of the RCF and senior secured notes and, in connection with such activities, is currently in discussions with its RCF lenders and certain senior secured notes creditors, and their representatives, regarding various refinancing options.

Justin Sulger
Managing Partner, Veld Capital

"The past few months have been a volatile period for collections. However, the company has already recovered a significant proportion of delayed collections post quarter end and has high visibility to future secured recoveries. Where we sold residual portfolios, we were not able to maximise value in the current market."

For further details, please visit the AFE website at:

www.veld-afe.com

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NOTES TO EDITORS

AFE S.A. SICAV-RAIF (www.veld-afe.com)

AFE invests in a diverse range of primarily non-performing debt and real estate assets across Europe and provides the central Asset Solutions platform utilised by Veld Capital. Veld Capital was created from the carve out of AnaCap Financial Partner's Credit business. AFE has broad based expertise spanning unsecured and secured consumer, SME and corporate debt as well as direct real estate, further benefiting from the wide network, extensive track record and expertise in origination, underwriting and asset management that Veld Capital (formerly AnaCap Credit) has developed since inception in 2009.