



Hesselmans Torg 14
Nacka
105 24 Stockholm
Sweden

Phone: +46 8 546 10 200
Website: www.intrum.com

SECTOR	Financials	KEY FIGURES (2018)	25 countries 20,000+ shareholders ~9,000 employees ~80,000 clients
INDUSTRY	Specialty Finance	EARNINGS BY BUSINESS AREA (2018)	Credit management services: 40% Purchase of overdue receivables: 60%
SUB-INDUSTRY	Other Financial Services	EMPLOYEES BY REGION (2018)	Northern Europe: 20% Central/Eastern Europe: 24% Western/Southern Europe: 24% Iberian Peninsula/LatAm: 27% Group functions: 5%
MAIN SHAREHOLDER	Nordic Capital: 43.9%		
KEY PEOPLE	Mikael Ericson (CEO) Anders Engdahl (CFO) Per E. Larsson (Chairman)		
FINANCIAL CALENDAR	January 29, 2020: FY19 Report April 22, 2020: 1Q20 Report July 17, 2020: 1H20 Report October 21, 2020: 9M20 Report January 28, 2021: FY20 Report		

For more information:
www.promoscore.it
+39 081 0170 617

Author: *Alessandro Sica*
alessandro.sica@bancapromos.it

Managing Supervisor: *Paolo Cozzolino*
paolo.cozzolino@bancapromos.it

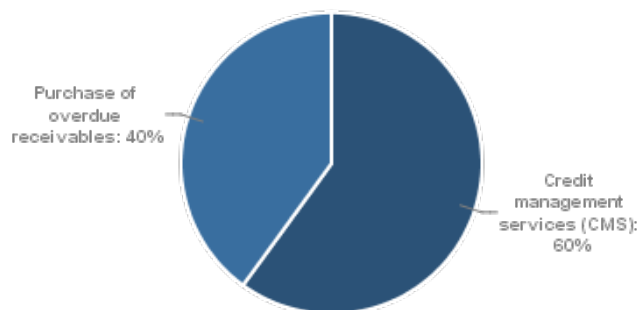
QUICK LOOK

Established in 2017 from the merger of Sweden's **Intrum Justitia** and Norway's **Lindorff**, **Intrum AB** is the leading company in Europe in the provision of (*balance sheet-light, fee-based*) **debt collection** services and in the (*balance sheet-intensive*) **purchase of portfolios of overdue receivables**. At YE18, 120 months **estimated remaining collections (ERC)** of the Group were equal to **SEK57.4bn** (*SEK 1 ≈ EUR 0.09*).

HIGHLIGHTS

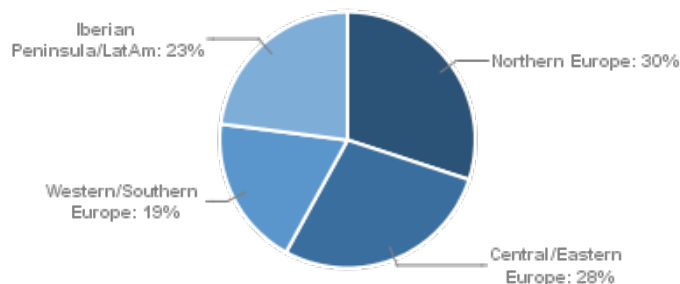
- **OWNERSHIP** - Intrum has been listed on the **Stockholm exchange** since June 2002. Lindorff's previous owner, Swedish private equity firm **Nordic Capital**, holds a **43.9%** ownership stake in Intrum (*through the vehicle Cidron 1748 Sarl*). According to **S&P**, Nordic Capital will continue to maintain a material stake in the company over the **medium term**, thus placing additional pressures on its financial **risk profile**. Members of the Group **management** and of Intrum's Board hold about **0.5%** of the share capital. As of December 31, 2018, **70%** of shareholders was headquartered in **Sweden** and the **10 largest owners** accounted for **70.3%** of the capital.
- **DIVERSIFICATION (1)** - In 2018, **60%** of Intrum's **revenues** was from **CMS** (*Credit Management Services*), that however was accountable for only **40%** of **earnings** (*opposite percentages for the purchase of NPLs*). With operations in **24 European countries** and in **Brazil**, the Group has gained **30%** (32%) of its **revenues** (*earnings*) in **Northern Europe**, **28%** (35%) in **Central/Eastern Europe**, **23%** (27%) in **Iberian Peninsula/LatAm**, and **19%** (6%) in **Western/Southern Europe**.
- **DIVERSIFICATION (2)** - The Group's total carrying amount for **purchased debt** is distributed as follows: i) By countries: **Germany** 11%, **Norway** 13%, **Spain** 12%, **Sweden** 8%, **France** 8%, **UK** 7%, Other countries 41%; ii) By sector: **Banking sector** 63%; **Credit card receivables** 10%; **Other financial operations** 14%; **TLC companies** 6%; Other sectors 7%.
- **OUTLOOK** - Financial targets set by Intrum for **2020** provide for the achievement of an **EPS of 35 SEK/share** (*from 14.2 in 2018; last stock price SEK263.50*), a **return on purchased receivables of 13%** (*15% in 2018*), and a **net debt-to-cash EBITDA ratio** between **2.5x and 3.5x** (*4.3x in 2018*). According to **S&P**, the ambitious EPS target makes Intrum's **leverage reduction** path less clear. Moreover, S&P expects the company's **dividend pay-out ratio** to remain in the range of **60%-70%** in the coming years (*67% in 2018*).
- **INDUSTRY OVERVIEW** - The markets where the Group operates have **high barriers to entry**. Intrum's main comps are **AnaCap (UK)**, **Arrow Global (UK)**, **B2Holding (Norway)**, **Cabot Financial (UK)**, and **Lowell (UK)**. **S&P** highlights that the environment for distressed debt purchasing is **highly competitive** (*hedge funds remain top buyers*) with rapidly **decreasing NPL levels** across Europe. Intrum is **market leader** in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden, Czech Republic, Hungary, Slovakia, Switzerland, France, Portugal, and Spain. The group is **in the top 5** in Austria, Germany, Poland, Romania, Belgium, Ireland, Italy, and the Netherlands, and has only a smaller presence in Greece, the UK, and Brazil.

Revenues by Business Area (2018)



● Credit management services (CMS) ● Purchase of overdue receivables

Revenues by Region (2018)



● Northern Europe ● Central/Eastern Europe ● Western/Southern Europe ● Iberian Peninsula/LatAm

FIGURES

INCOME STATEMENT

(SEK m)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Revenue	13442,00	9434,00	6088,00	5628,00	5184,00
Cost of Revenue	7369,00	5049,00	3194,00	3087,00	2963,00
Gross Profit	6073,00	4385,00	2894,00	2541,00	2221,00
<i>Gross Margin</i>	<i>45,18%</i>	<i>46,48%</i>	<i>47,54%</i>	<i>45,15%</i>	<i>42,84%</i>
Personnel Expenses	4253,00	3272,00	2032,00	1971,00	1865,00
EBITDA	4803,00	3154,00	2157,00	1792,00	1597,00
<i>EBITDA Margin</i>	<i>35,73%</i>	<i>33,43%</i>	<i>35,43%</i>	<i>31,84%</i>	<i>30,81%</i>
Depreciation and Amortization	900,00	436,00	171,00	164,00	170,00
EBIT	3903,00	2718,00	1986,00	1628,00	1427,00
<i>EBIT Margin</i>	<i>29,04%</i>	<i>28,81%</i>	<i>32,62%</i>	<i>28,93%</i>	<i>27,53%</i>
Pre-Tax Income	2615,00	1755,00	1810,00	1457,00	1247,00
<i>Pre-Tax Margin</i>	<i>19,45%</i>	<i>18,60%</i>	<i>29,73%</i>	<i>25,89%</i>	<i>24,05%</i>
Net Income	1936,00	1501,00	1458,00	1164,00	1031,00
<i>Net Income Margin</i>	<i>14,40%</i>	<i>15,91%</i>	<i>23,95%</i>	<i>20,68%</i>	<i>19,89%</i>

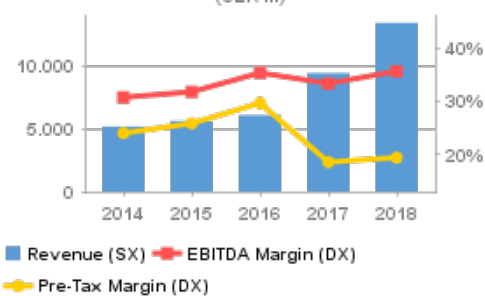
BALANCE SHEET

(SEK m)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ASSETS					
Cash and Near Cash Items	1348,00	881,00	396,00	265,00	266,00
Accounts and Notes Receivable	719,00	755,00	305,00	285,00	307,00
Inventories	0,00	0,00	0,00	0,00	0,00
Other Current Assets	6062,00	3010,00	1399,00	1301,00	1406,00
TOTAL CURRENT ASSETS	8129,00	4646,00	2100,00	1851,00	1979,00
Long-Term Investments	24831,00	21149,00	8734,00	7027,00	6197,00
Net Fixed Assets	493,00	245,00	104,00	118,00	127,00
Other Long-Term Assets	42580,00	41735,00	3466,00	3149,00	3038,00
TOTAL LONG-TERM ASSETS	67904,00	63129,00	12304,00	10294,00	9362,00
TOTAL ASSETS	76033,00	67775,00	14404,00	12145,00	11341,00
LIABILITIES + EQUITY					
Short-Term Borrowings	3419,00	3269,00	2257,00	652,00	813,00
Other Short-Term Liabilities	4274,00	4976,00	1840,00	2022,00	1840,00
TOTAL CURRENT LIABILITIES	8181,00	8817,00	4237,00	2813,00	2812,00
Long-Term Borrowings	39788,00	34755,00	5226,00	5464,00	4958,00
Other Long-Term Liabilities	2392,00	1764,00	811,00	702,00	530,00
TOTAL LONG-TERM LIABILITIES	42180,00	36519,00	6037,00	6166,00	5488,00
TOTAL EQUITY	25672,00	22439,00	4130,00	3166,00	3041,00
TOTAL LIABILITIES + EQUITY	76033,00	67775,00	14404,00	12145,00	11341,00

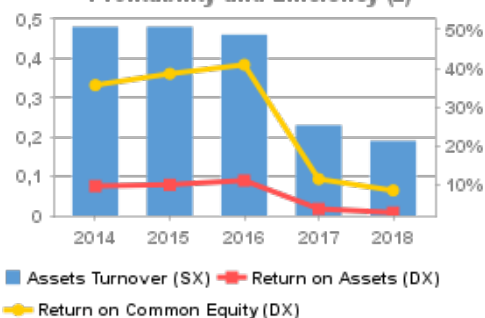
CASH FLOW STATEMENT

(SEK m)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Cash from Operating Activities	6154,00	4612,00	3374,00	2905,00	2672,00
Cash from Investing Activities	-7925,00	-7547,00	-3763,00	-2497,00	-2250,00
Cash from Financing Activities	1855,00	3801,00	503,00	-399,00	-501,00
Free Cash Flow	6080,00	4556,00	3348,00	2875,00	2620,00
FREE CASH FLOW TO FIRM	7039,82	5009,00	3462,36	2981,98	2758,58

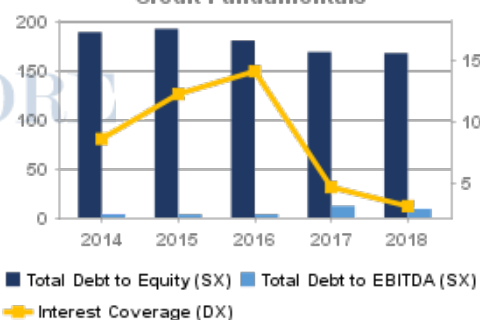
Source: Bloomberg - Note: SEK 1 = EUR 0.09

Profitability and Efficiency (1)
(SEK m)

Profitability and Efficiency (2)



Credit Fundamentals

Investments vs Debt
(2014 = 100; SEK m)

- FINANCIALS** - Intrum's financials are strongly influenced by the **acquisition of Lindorff** (in 2017), a company with relatively **higher debt levels** and **higher financing costs** than Intrum Justitia. The negative impact on the income statement was softer on **gross margin**, **EBITDA margin** and **EBIT margin** and more marked on **pre-tax margin** and **net income margin**. **ROE** fell sharply in 2017, while **ROA** (much higher than comps until 2016) fell below the peer group's average in 2017-18. The moderate improvement in post-merger **debt-to-equity ratio** was associated with a sharp deterioration in **debt-to-EBITDA ratio** and **interest coverage ratio**. The dynamic of the **net debt-to-EBITDA ratio** was emblematic: stable and lower than comps in the 3-year period 2014-16, it jumped to almost 12x in 2017, and then approached the peer group in 2018. Intrum's **liquidity profile** is described as 'adequate' by S&P and as 'stronger than peers' by Moody's.

Revenue (2014=100)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	259,30	181,98	117,44	108,56	100,00
Arrow Global Group PLC	325,76	287,19	213,12	149,08	100,00
B2Holding ASA	570,83	379,01	273,35	210,72	100,00
Cabot Financial Ltd	210,44	168,45	144,56	134,34	100,00

EBITDA Margin (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	35,73	33,43	35,43	31,84	30,81
Arrow Global Group PLC	33,46	36,89	44,14	47,68	43,04
B2Holding ASA	47,55	49,08	39,07	37,65	20,26
Cabot Financial Ltd	47,00	41,60	48,80	45,34	47,43

Net Debt to EBITDA					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	8,72	11,78	3,29	3,27	3,45
Arrow Global Group PLC	9,01	7,64	7,25	6,53	8,51
B2Holding ASA	7,52	6,74	5,50	4,35	8,89
Cabot Financial Ltd	7,62	9,62	7,89	8,23	8,46

Cash Flow to Interest Expense					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	4,94	7,92	23,93	21,84	16,10
Arrow Global Group PLC	n.a.	n.a.	n.a.	n.a.	n.a.
B2Holding ASA	3,77	3,70	3,99	5,65	4,78
Cabot Financial Ltd	-1,15	-1,66	-0,56	-0,11	-1,27

Interest Coverage					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	3,13	4,67	14,09	12,24	8,60
Arrow Global Group PLC	n.a.	n.a.	n.a.	n.a.	n.a.
B2Holding ASA	2,19	2,62	2,27	3,61	2,08
Cabot Financial Ltd	1,98	1,46	1,47	1,44	1,38

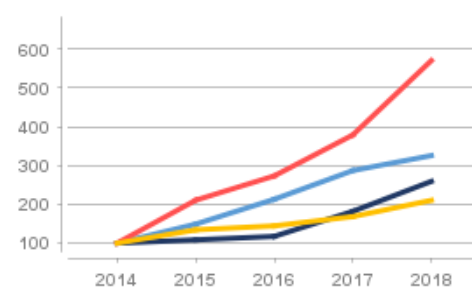
Current Ratio					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	0,99	0,53	0,50	0,66	0,70
Arrow Global Group PLC	n.a.	n.a.	n.a.	n.a.	n.a.
B2Holding ASA	0,86	0,38	0,87	1,99	0,76
Cabot Financial Ltd	14,96	12,99	8,93	7,21	1,18

Common Equity to Total Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	31,13	33,10	28,07	25,41	25,99
Arrow Global Group PLC	12,01	15,51	15,98	18,82	20,90
B2Holding ASA	26,93	29,16	39,46	35,53	46,41
Cabot Financial Ltd	13,52	11,51	10,39	10,94	11,98

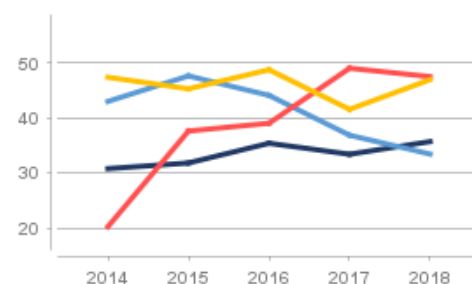
Asset Turnover					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	0,19	0,23	0,46	0,48	0,48
Arrow Global Group PLC	0,25	0,28	0,26	0,24	0,24
B2Holding ASA	0,22	0,23	0,26	0,28	0,28
Cabot Financial Ltd	0,23	0,21	0,21	0,23	0,26

Return on Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Intrum AB	2,69	3,65	10,98	9,91	9,56
Arrow Global Group PLC	2,10	3,46	2,89	4,68	3,96
B2Holding ASA	4,81	5,68	3,34	5,14	2,53
Cabot Financial Ltd	3,36	2,35	1,73	2,43	2,28

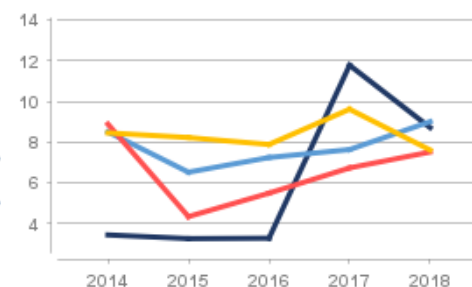
Revenue (2014=100)



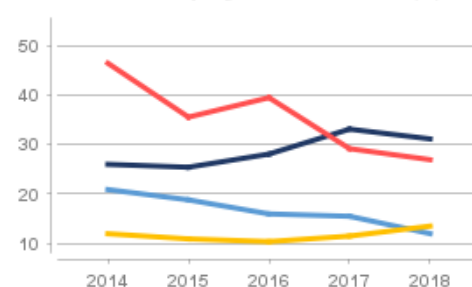
EBITDA Margin (%)



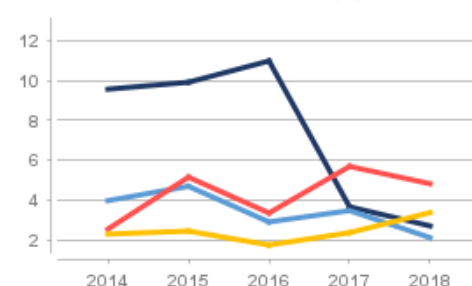
Net Debt to EBITDA



Common Equity to Total Assets (%)



Return on Assets (%)



Source: Bloomberg

INVESTMENT CASE

Intrum AB (INTRUM) - Sr Unsecured - Fixed 3.125% - July 15, 2024 - XS1634532748				
YTM / YTC	2.686% / 2.462% (next call: 07/15/2020)	COUNTRY RATING (Sweden)	S&P AAA / Stable (01/23/2014) Moody's: Aaa / Stable (04/04/2002) Fitch: AAA / Stable (03/08/2004)	
I-SPREAD	281 bps vs Euro Swaps Curve (S45)		ISSUER / BOND RATING	S&P BB+ / Negative (06/27/2017) - RR: 4(35%) Moody's: Ba2 / Stable (06/27/2017) Fitch: BB / Stable (06/29/2017)
ASW	282 bps vs Euro Swaps Curve (S45)			BBG PD (1Y)
CDS 5Y (EUR)	283 bps	ALTMAN'S Z-SCORE	1.15	
MODIFIED DURATION	4.255 / 0.673 (next call)	MARKETS	Dublin, Dusseldorf, Frankfurt, Munich, Six, Stuttgart	
OUTST. / MIN PIECE	EUR900m / 100k + 1k	BOND LIQUIDITY	Adequate	
ECB ELIGIBLE	No	TIMELINESS OF RESULTS REPORTING	Adequate	
EXP. DAILY VOLUME	6,793,229			
BID-ASK / LQA SCORE	0.416 / 52/100			
GOVERNING LAW	New York Law (Notes/Indenture) English Law (Intercreditor/RCF Agreement)			
LEVEL OF CORPORATE DISCLOSURE	Adequate			

MAIN EXTERNAL RISK / RETURN FACTORS

Operational Risk	↓	Regulatory Risk	↓
Execution Risk	↓	FX Risk	↓

Source: Bloomberg, Intrum, Banca Promos

- **DEBT** - The merger with **Lindorff** and the **partnerships** launched by the Group (*such as that with Intesa Sanpaolo*) have driven Intrum's **leverage above 4.5x** in 2017-2018: **S&P's negative outlook** reflects the view that the company may not reduce gross debt-to-EBITDA sustainably **below 4x**. However, **Moody's** believes that the **Intesa** deal could generate enough cash flows to support **deleveraging** over the next **3-5 years**.
- **LIMITATION ON INDEBTEDNESS** - The Terms & Conditions (T&Cs) of the 2024 bond binds Intrum's ability to incur new indebtedness to the respect of a **Consolidated Fixed Charge Coverage Ratio** (*calculated as the consolidated ratio of EBITDA to interest expense*) not lower than **2x**.
- **OPTIONAL REDEMPTION** - Intrum may redeem the 2024 notes, in whole or in part, at a price equal to the percentage of principal amount set forth below (*on and anytime after*): July 15, 2020 at **101.563**; July 15, 2021 at **100.781**; July 15, 2022 at **100**.
- **MAKE WHOLE CALL** - At any time prior to **July 15, 2020**, Intrum may redeem all or part of the 2024 notes at a price equal to **100%** of their principal amount plus the applicable **make whole premium**, as defined in the T&Cs.
- **EQUITY CLAWBACK** - Prior to July 15, 2020, Intrum may redeem up to **40%** of the 2024 notes, with the proceeds received from any **equity offering**, at a price equal to **103.125%** provided that not less than **50%** of the original principal amount remains outstanding.
- **CHANGE OF CONTROL** - Upon the occurrence of a change of control, Intrum will be required to offer to **repurchase** the 2024 notes at a price equal to **101%** of their aggregate principal amount.

RISK FACTORS

- **OPERATIONAL / EXECUTION RISK** - According to **S&P**, the increased use of **off-balance sheet structures** with external **joint-venture** investors could add more **operational complexity**: in searching for earnings growth opportunities, Intrum may explore more complex transaction structures. However, according to **Fitch**, **execution risks** arising from the **Intesa Sanpaolo** deal are mitigated by the management's considerable experience in integrating new investments smoothly (*notably in respect of the merger with Lindorff*).
- **FX RISK** - Intrum operates **internationally** and is exposed to currency risk between **Swedish krona** (*its reporting currency*) and **Euro, Swiss franc, Danish krone, and Hungarian forint** (*among the most relevant*). FX exposure is mainly managed through **borrowings** denominated in relevant foreign currencies and financial **derivatives**.

Intrum's EUR, Fixed-Rate Bonds (1)

	Senior Euro Fixed Rate Notes 2022	Senior Euro Fixed Rate Notes 2024
Maturity	July 15, 2022	July 15, 2024
Aggregate Principal Amount	€ 750 million	€ 900 million
Coupon	2,75%	3,13%
Interest payment dates	Jan 15 and Jul 15, commencing Jan 15 2018	Jan 15 and Jul 15, commencing Jan 15 2018
First Call	July 15 2019	July 15 2020
ISIN Reg S / Rule 144A	XS1634531344 / XS1634532318	XS1634532748 / XS1634534017

Source: Intrum

Intrum's EUR, Fixed-Rate Bonds (2)

	Senior Euro Fixed Rate Notes 2026	Senior Euro Fixed rate Notes 2027
Maturity	July 15, 2026	September 15, 2027
Aggregate Principal Amount	€800 million	€850 million
Coupon	3,50%	3,00%
Interest payment dates	Jan 15 and Jul 15 in each year commencing Jan 15, 2020	Mar 15 and Sep 15 in each year, commencing Mar 15, 2020
First Call	July 15, 2022	Sep 15, 2022
ISIN Reg S / Rule 144A	XS2034925375 / XS2034928122	XS2052216111 / XS2052216202

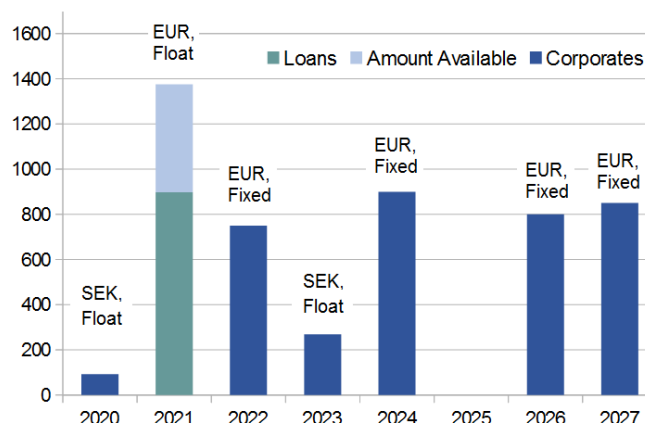
Source: Intrum

COMPANY UPDATE

- On April 17, 2018, **Intrum** and Italy's **Intesa Sanpaolo** have signed an agreement to form a **strategic partnership**, involving two transactions: 1) Creation of a player in the **Italian NPL servicing market** through the integration of the Italian platforms of Intrum and Intesa. The new player (*Intrum Italy*) is held at **51%** by Intrum (*who nominates the majority of its BoD and its CEO*) and at **49%** by Intesa, and benefits from a **10-year contract** for the exclusive servicing of most of the lender's **new NPL flows** (*at market conditions*). The joint venture servicer is consolidated in Intrum's financial statements; 2) Disposal and **securitisation** of a **EUR10.8bn NPL portfolio** of Intesa Sanpaolo to a Special Purpose Vehicle (*at a price of EUR3.1bn, equal to 28.3% of the gross value*). Junior and mezzanine tranches (*equal to 40% of the portfolio price*) have been underwritten by Intesa Sanpaolo (49%) and by a vehicle (51%) participated by Intrum and **CarVal Investors** (*an alternative investment manager with almost USD10bn assets under management*). The agreement has been finalized in December 2018.
- On June 3, 2019, **Intrum** and Greece's **Piraeus Bank** have entered into a **strategic partnership** that involves the transfer of the bank's internal **recovery platform** to a new servicer company (*Intrum Hellas*), **80%** held by Intrum and **20%** held by Piraeus. The new firm will benefit from a **10-year contract** for the exclusive servicing of the lender's **NPE portfolio** (*worth EUR27bn*), together with any new inflows, as well as third-parties NPEs. A second servicer company (*with the same shareholder structure of the first one*) will be established to manage the bank's **EUR1bn Real Estate Owned assets** (*and new flows*) as well as REOs of third parties. The transaction has been closed in October 2019.



Intrum's Debt Distribution
(EUR m)



Source: Bloomberg

Note: Bond Loans are equal to 79% of Total Borrowing as of YE18

Intrum's 2024 Notes vs. HY EUR Bond Index
(06/16/2017 = 100)



Source: Bloomberg

INTRUM 3.125% 07/15/2024

Bloomberg Barclays Pan-European High Yield (Euro) TR Index Value Unhedged EUR

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