

# Interim report

## First quarter, 2020

As of 1 January 2020, Intrum report on three segments, these being Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain). At the same time, the previous segmentation into four geographical regions is being discontinued.

### First quarter, January–March 2020

- Net revenue decreased to SEK 3,333 M (3,752) while adjusted revenue increased to SEK 3,969 M (3,561).
- Operating earnings amounted to SEK 459 M (1,347), charged with items affecting comparability of SEK –636 M (–3). The adjusted operating earnings decreased to SEK 1,095 M (1,350). The operating margin for the quarter was 14 percent (36), while the adjusted operating margin was 28 percent (38).
- Cash flow from operating activities increased to SEK 2,267 M (1,352) and available liquidity by the end of the quarter was SEK 13.5bn.
- In the Credit Management service segment, the margin was 25 percent (23), while the adjusted margin was 25 percent (24). For Strategic markets the margin decreased to 9 percent (29) and the adjusted operating margin decreased to 9 percent (16).
- The return on portfolio investments (ROI) for the quarter amounted to 4 percent (16). Adjusted for negative portfolio revaluations of SEK 636 M, the return amounted to 11 percent (16). Portfolio investments in the quarter amounted to SEK 1,650 M (1,277).
- Earnings for the quarter amounted to SEK –33 M (739), and earnings per share were SEK –0.25 (5.63).

	First quarter			Rolling	Full year
	Jan–Mar 2020	Jan–Mar 2019	Change %	Apr 2019– Mar 2020	2019
<b>SEKm, unless otherwise indicated</b>					
Revenues	3,333	3,752	–11	15,566	15,985
Adjusted revenue	3,969	3,561	11	16,189	15,780
Operating earnings (EBIT)	459	1,347	–66	1,172	2,060
EBIT adjusted	1,095	1,350	–19	5,953	6,208
Earnings per share, SEK	–0.25	5.63	–104	–8.64	–2.76
Cash flow from operating activities	2,267	1,352	68	7,307	6,392
Adjusted segment earnings Credit Management	420	412	2	1,802	1,793
Adjusted segment earnings Strategic markets	102	103	–1	1,117	1,118
Adjusted segment earnings Portfolio investments	1,037	1,289	–20	4,695	4,947
Portfolio investments	1,650	1,277	29	7,697	7,324
Carrying value portfolio investments	36,297	31,392	16	36,297	35,429
Return on portfolio investments, ROI, %	4	16		12	15
Adjusted return on portfolio investments, ROI, %	11	16		14	15
Cash EBITDA	2,633	2,314	14	11,461	11,444
Net Debt/RTM Cash EBITDA				4.5	4.3

## Comment by the President and CEO

# A solid position in an uncertain world

The first quarter of 2020 turned out somewhat differently from how we expected at the beginning of the year. Intrum's operations in the 24 European countries that we are present in have been impacted in different ways by the spread of Covid-19, although the majority of countries experienced stable performance in the first quarter and to date into the second quarter.

It is primarily in southern Europe – in France, Greece, Italy, Portugal, and Spain – where we registered a negative impact on our business in March. Measures taken in these countries to limit the spread of the virus, typically includes restrictions and reduced activity in the legal systems, resulting in delays in cash flow in these markets. Under the circumstances, we are pleased with our performance during the first quarter of the year.

### Growing cash EBITDA with reported earnings affected by portfolio revaluations

Group revenue amounted to SEK 3,333 M (3,752), while revenues adjusted for negative non-cash-affected portfolio revaluations of SEK 636 M amounted to SEK 3,969 M (3,561).

Intrum's cash flow from operating activities in the first quarter was robust, increasing 68 per cent to SEK 2,267 M (1,352). Meanwhile, our cash EBITDA increased 14 per cent to SEK 2,633 M (2,314). Despite continued growth in cash EBITDA, currency movements affected the net debt ratio negatively by around 0.2x and leverage amounted to 4.5x at the end of the first quarter. Overall, we continued to see strong cash generation due, in part, to some 85 per cent of our collections in the portfolio investment segment being generated via automated and online payments, and 73 per cent of our total collections for the business being generated without the involvement of legal proceedings.

Operating income amounted to SEK 459 M (1,347). This decline is attributable to the aforementioned portfolio revaluation as well as lower income from participations in associated companies. Adjusted operating income decreased by 19 per cent to SEK 1,095 M (1,350). The portfolio revaluations correspond to approximately 2 per cent of our book value and reflect our expectation of lower collections during 2020, for which we have made allowances. For March, the collection in our portfolios corresponded to 100 percent compared to our active forecast, and for April

we collected on the same level as last year, which is in line with the revaluation forecast.

In 2019, we successfully refinanced a large portion of our debt at favourable terms while at the same time extending maturities. We therefore have limited volumes that will come due during 2020 and 2021. These can be covered, for example, with our credit facilities of SEK 18.2 billion. As of March 31, SEK 7.4 billion of this amount was used, in addition we have SEK 2.6 billion in bank deposits.

Intrum's financial position is thus strong with good liquidity and solid cash flows, giving stability in the face of continued global uncertainty. Combined with reduced rates of investment, increased return requirements for new portfolio investments, and lower M&A activity, this creates substantial financial flexibility.

### Stable earnings and increased margins in Credit Management Services

The Credit Management Services segment performed favourably during the period and reported stable operating income of SEK 420 M (412), while operating margin increased to 25 per cent (23). Our pipeline of debt collection cases remains at a good level, which is reassuring given the current situation. First-quarter revenue and income were positively impacted by last year's efficiency programme but were also adversely affected by countries such as France due to lockdowns related to the Covid-19 pandemic.

**“Intrum's financial position is strong with good liquidity and stable cashflow, giving us endurance in the face of continued global uncertainty.”**

### Strategic Markets affected by Covid-19

The new Strategic Markets segment, (Greece, Italy, and Spain), reported operating income of SEK 102 M (103) and an operating margin of 9 per cent (16). Relative to the same period last year, our service operations in Greece and the acquisition of Solvia in Spain have been added to this segment. Revenue and income have thus been significantly affected by the country's closures related to Covid-19.

### Portfolio Investments

The Portfolio Investments segment reported operating profit of SEK 401M (1,306). The decline compared with the previous year is explained in its entirety by negative portfolio revaluations of SEK 636 M as well as the result of participations in associated companies decreasing to SEK 81 M (360) as a result of lower contributions of our Italian SPV portfolio. Portfolio investments amounted to SEK 1.7 billion (1.3) for the quarter and book value grew by 16 per cent to SEK 36.3 billion.

### New goals for the autumn

Our business plan for 2020 required flawless execution and as previously communicated, given Covid-19's impact on our business, we no longer consider that the conditions are in place to achieve our original goals for 2020. However, I would like to emphasise that we continue to target a leverage ratio of 2.5-3.5x and expect leverage to be within this range by year end 2022. We will announce additional financial targets at the capital markets day that we plan to hold this autumn.

### Clear values are a strength

For Intrum, it is of the utmost importance that we act in accordance with our core values, which are based on an empathetic and ethical approach to how we treat indebted individuals. As the market leader in credit management in Europe, it is extremely important that we interact with every end-customer on the basis of their individual circumstances. In these challenging and uncertain times we have strengthened our internal guidelines to ensure that we act exemplarily in every context and especially in dialogue with individuals directly affected by Covid-19. In this way, we can continue to contribute to a financially sustainable balance between those who provide and receive credit, respectively.

### Normalisation during the fourth quarter

Intrum has closely followed the spread of Covid-19 and we have adapted our operations to the prevailing conditions. A majority of our approximately 10,000 employees have been working directly in our production systems from home since mid-March, which means that we can continue to manage our business volumes even if productivity is partially affected. I am extremely proud of the commitment and team spirit demonstrated by the organisation during this period and I would like to extend my heart-felt thanks to all employees.

We believe that the ongoing crisis is having a temporary effect on Intrum's operations. Our broad geographical presence and wide variety of client solutions create a high degree of diversification, which together with strong underlying cash flow generation contributes to a limited operational impact on Intrum's business operations overall.

For Intrum, the impact of the crisis is primarily a delay in collections and cash flows. Preliminary figures for April indicate stable collection levels in our portfolio relative to April previous year. Although there are a number of uncertainties at the time of writing, we believe that this development supports our ambition for a sideways development of our adjusted operating income in the second quarter. We expect Southern Europe to gradually open up their legal systems from the summer months and we then see conditions for a generally more positive market outlook combined with pent-up demand among our clients to accelerate portfolio sales. This should allow us to return to normalised levels of activity and productivity by the fourth quarter.

Although we will not expect to achieve our previous earnings target for 2020, we will accelerate the work with transforming Intrum in order to benefit from the size, scale, and geographical footprint of our company. For example, this means that we will continue to streamline and centralise both support and business-related functions.

With an organisation that retains its target focus, a strong business model and a stable financial position, I see excellent prospects for Intrum's long-term development as the leading player in Europe, based on greater business volumes from the latter part of 2020 and the years ahead.

Stockholm May 2020

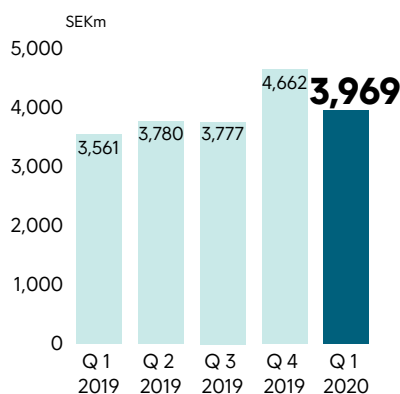
**Mikael Ericson**  
President and CEO



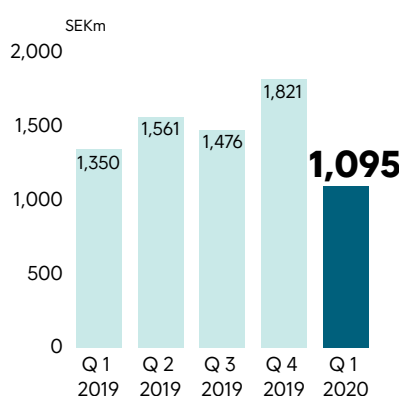


# Group overview

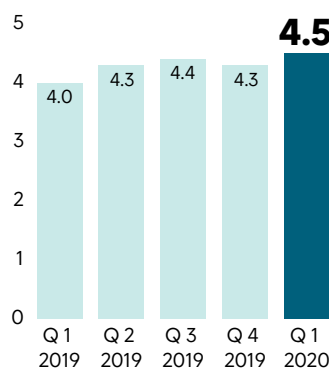
## Adjusted revenues



## Adjusted EBIT



## Net Debt/RTM Cash EBITDA



## Development during the first quarter

### Revenues and operating earnings

Consolidated net revenues for the first quarter increased to SEK 3,333 M (3,752), corresponding to a 11 percent decrease, with organic growth accounting for –11 percent, acquisitions for 16 percent, portfolio revaluations for –17 percent, and currency effects for 1 percent. Of the negative organic change in revenue of –11 percent, 5 percentage points pertain to non-recurring compensation for a customer contract that was terminated in the corresponding quarter last year. The share of revenue denominated in EUR amounted to 61 percent (60).

Consolidated operating earnings, EBIT, for the first quarter amounted to SEK 459 M (1,347), charged with items affecting comparability of SEK –636 M (–3). The adjusted operating earnings, excluding items affecting comparability, decreased to SEK 1,095M (1,350).

### Items affecting comparability

Operating earnings for the quarter include items affecting comparability of SEK –636 M (–3).

### Net financial items

Net financial items for the quarter amounted to SEK –501 M (–400). Net interest amounted to SEK –441 M (–344), exchange rate differences to SEK –2 M (–18) and other financial items to SEK –58 M (–38).

### Earnings for the period and taxes

This tax expense for the quarter amounts to 22.5 percent of earnings before tax (deferred tax was recorded on the deficit of the quarter, which is likely to be offset against future earnings). Accordingly, earnings for the quarter amounted to SEK –33 M (739), corresponding to earnings per share of SEK –0.25 (5.63) before and after dilution.

Over the next few years, the Company assesses that the tax expense will be around 20–25 percent of annual earnings before tax, excluding the outcome of any tax disputes.

### Cash flow and investments

Cash flow from operating activities amounted to SEK 2,267 M (1,352) in the first quarter. The increase is largely due to a positive change in operating capital.

The company has during the quarter initiated a share buy-back programme, with 5,030,500 shares having been repurchased between the 13 March 2020 and 31 March 2020, corresponding to approximately 3.82 percent of the company's outstanding shares. The Board has proposed that the 2020 Annual General Meeting resolve to reduce the share capital by cancelling the shares repurchased through the programme.

The company holds 600,000 of its own shares that may be reissued in the future to meet commitments under the incentive programme for company management. No dilution effect has been calculated for these shares.

### Assets and financing

At the end of the quarter, total assets amounted to SEK 89 billion, compared with SEK 86 billion at the end of 2019. Net debt amounted to SEK 51.3 billion, up SEK 2.2 billion since the beginning of the year. The increase is mainly due to a fluctuation in the exchange rate against the EUR of SEK 0.61, which had an impact of SEK 2.4 billion on Intrum's net debt. Net debt in relation to rolling 12-month adjusted Cash EBITDA amounted to 4.5, compared with 4.3 at the end of 2019.

During the quarter, Intrum repaid SEK 400 M on commercial papers issued previously, paying these through cash flow and borrowing within Intrum's credit facility.

# Segment overview

## Credit Management Services, Strategic Markets and Portfolio Investments

### Key figures, Q1 2020

SEKm	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Reported revenue	1,705	1,194	1,085	-652	3,333
Items affecting comparability			636		636
<b>Adjusted revenues</b>	<b>1,705</b>	<b>1,194</b>	<b>1,721</b>	<b>-652</b>	<b>3,969</b>
Reported segment earnings	420	102	401	-464	459
Items affecting comparability			636		636
<b>Adjusted segment earnings</b>	<b>420</b>	<b>102</b>	<b>1,037</b>	<b>-464</b>	<b>1,095</b>
Depreciation and amortisation	79	226	2	31	338
<b>Depreciation</b>	<b>79</b>	<b>226</b>	<b>2</b>	<b>31</b>	<b>338</b>
EBITDA	499	328	403	-433	797
Items affecting comparability	0	0	636	0	636
<b>EBITDA excluding items affecting comparability</b>	<b>499</b>	<b>328</b>	<b>1,039</b>	<b>-433</b>	<b>1,433</b>
Portfolio amortisations	-	-	1,129	-	1,129
Adjustment earnings from joint ventures	-	-	-81	-	-81
Adjustment cash flow from joint ventures	-	-	152	-	152
<b>Cash EBITDA</b>	<b>499</b>	<b>328</b>	<b>2,239</b>	<b>-433</b>	<b>2,633</b>

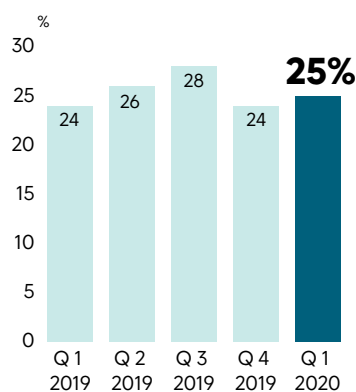
### Key figures, Q1 2019

SEKm	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Reported revenue	1,716	834	1,807	-605	3,752
Items affecting comparability		-175	-16		-192
<b>Adjusted revenues</b>	<b>1,716</b>	<b>659</b>	<b>1,791</b>	<b>-605</b>	<b>3,561</b>
Reported segment earnings	396	241	1,306	-595	1,347
Items affecting comparability	15	-138	-16	141	3
<b>Adjusted segment earnings</b>	<b>412</b>	<b>103</b>	<b>1,290</b>	<b>-454</b>	<b>1,350</b>
Depreciation and amortisation	95	162	2	28	288
<b>Depreciation and amortisation excluding items affecting comparability</b>	<b>95</b>	<b>162</b>	<b>2</b>	<b>28</b>	<b>288</b>
EBITDA	491	403	1,308	-567	1,635
Items affecting comparability	15	-138	-16	141	3
<b>EBITDA excluding items affecting comparability</b>	<b>506</b>	<b>265</b>	<b>1,292</b>	<b>-426</b>	<b>1,638</b>
Portfolio amortisations	-	-	996	-	996
Adjustment earnings from joint ventures	-	-	-360	-	-360
Adjustment cash flow from joint ventures	-	-	40	-	40
<b>Cash EBITDA</b>	<b>506</b>	<b>265</b>	<b>1,968</b>	<b>-426</b>	<b>2,314</b>

## Credit Management Services

Credit Management Services focuses on late payments and collections. The segment includes 21 out of a total of 24 European countries where Intrum is active.

**Credit Management Services,  
adjusted operating margin**



SEKm	First quarter		Change %	Full year 2019
	Jan–Mar 2020	Jan–Mar 2019		
External revenues	1,139	1,179	–3	4,736
Internal revenues	566	537	5	2,278
<b>Total revenues</b>	<b>1,705</b>	<b>1,716</b>	<b>–1</b>	<b>7,014</b>
Items affecting comparability	–	–	–	–
<b>Adjusted revenues</b>	<b>1,705</b>	<b>1,716</b>	<b>–1</b>	<b>7,014</b>
Segment earnings	420	396	6	1,558
Items affecting comparability	–	15	–	235
<b>Adjusted segment earnings</b>	<b>420</b>	<b>412</b>	<b>2</b>	<b>1,793</b>
<b>KPI's</b>				
External organic revenue change, %	–4	–	–	–
Exchange rates, %	1	–	–	–
Acquired growth, %	–	–	–	–
Operating margin, %	25	23	2	22
Adjusted operating margin, %	25	24	1	26

Overall, operations in the countries developed steadily even though a few countries were subject to lock-downs in connection with the Covid-19 pandemic. The lower revenues in these countries explains the small reduction in organic revenue for the segment as a whole.

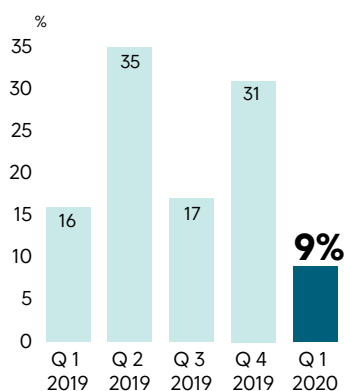
The segment's revenues for the first quarter were stable, internal revenues linked to our portfolios increased by 8 percent, while organic revenues from our external customers decreased by 4 percent.

Adjusted operating earnings increased by 2 percent thanks to a higher operating margin, margins were supported by the efficiency programme implemented in the second half of 2019, while the declining revenues and a smaller dip in productivity had a negative impact on profitability.

## Strategic Markets

Credit solutions with a focus on late payments and collections in Italy, Spain and Greece.

### Strategic Markets, adjusted operating margin



SEKm	First quarter		Change %	Full year
	Jan–Mar 2020	Jan–Mar 2019		2019
External revenues	1,108	766	45	4,180
Internal revenues	86	68	27	256
<b>Total revenues</b>	<b>1,194</b>	<b>834</b>	<b>43</b>	<b>4,436</b>
Items affecting comparability	–	–175	–	–177
<b>Adjusted revenues</b>	<b>1,194</b>	<b>659</b>	<b>81</b>	<b>4,259</b>
Segment earnings	102	241	–58	–1,974
Items affecting comparability	–	–138	–	3,092
<b>Adjusted segment earnings</b>	<b>102</b>	<b>103</b>	<b>–1</b>	<b>1,118</b>
<b>KPI's</b>				
External organic revenue change, %	–35	–	–	–
Exchange rates, %	2	–	–	–
Acquired growth, %	78	–	–	–
Operating margin, %	9	29	–20	–44
Adjusted operating margin, %	9	16	–7	26

In the latter part of the first quarter, the market environment was challenging, with the segment being adversely affected by the authorities' initiatives to curb the spread of Covid-19, which had a direct and indirect impact on our operations. The legal systems, for example, have been partially closed, while individuals' freedom of movement has been curtailed. This negatively impacts both our revenues and profitability, although we expect to see increased opportunities to recover this loss of revenue when the situation normalises.

The segment's revenues increased by 43 percent in the first quarter thanks to the servicing platform in Greece, which was consolidated in October 2019, and Solvia in Spain, which was consolidated in the second quarter of 2019. Organically, external revenues decreased by 35 percent. Last year's revenues were positively affected by a non-recurring payment from a client for a contract that was terminated early, which accounted for 23 percentage points of the organic revenue decline. The termination fee impacted revenue by SEK 175 M and operating earnings by SEK 146 M and were reported as items affecting comparability in the first quarter of 2019.

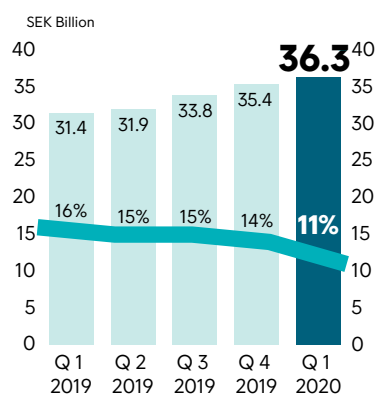
The adjusted operating earnings decreased by 1 percent and the operating margin was 9 percent, that is, 7 percentage points lower than last year. The margin was significantly affected by the declining organic growth.

## Portfolio Investments

Intrum invests in portfolios of overdue receivables, following which Intrum collects the receivables on its own behalf.

Portfolio Investments	First quarter 2020					First quarter 2019				
	Overdue receivables	REO	Financial services	Joint ventures	Segment total	Overdue receivables	REO	Financial services	Joint ventures	Segment total
<b>SEKm</b>										
Gross cash collections	2,784	–	–	–	2,784	2,594	–	–	–	2,594
Portfolio amortisations	–1,129	–	–	–	–1,129	–996	–	–	–	–996
Portfolio revaluations	–636	–	–	–	–636	16	–	–	–	16
Other revenues	–	28	38	–	66	–	160	33	–	193
<b>Revenues</b>	<b>1,019</b>	<b>28</b>	<b>38</b>	<b>–</b>	<b>1,085</b>	<b>1,614</b>	<b>160</b>	<b>33</b>	<b>–</b>	<b>1,807</b>
Collection costs	–710	–35	–20	–	–765	–692	–151	–18	–	–861
Earnings from joint ventures	–	–	–	81	81	–	–	–	360	360
<b>Segment earnings</b>	<b>309</b>	<b>–7</b>	<b>18</b>	<b>81</b>	<b>401</b>	<b>922</b>	<b>9</b>	<b>15</b>	<b>360</b>	<b>1,306</b>
Items affecting comparability	636	–	–	–	636	16	–	–	–	16
<b>Adjusted segment earnings</b>	<b>945</b>	<b>–7</b>	<b>18</b>	<b>81</b>	<b>1,037</b>	<b>906</b>	<b>9</b>	<b>15</b>	<b>360</b>	<b>1,289</b>
<b>KPI's</b>										
Investments	1,650	24	–	–	1,674	1,277	80	–	–	1,357
Average book value	28,767	394	–	6,697	35,858	25,229	1,357	–	5,111	31,697
Book value	29,026	416	–	6,855	36,297	25,628	285	–	5,477	31,392
ERC	58,476	683	–	9,392	68,551	48,963	694	–	9,028	58,686
Cash multiple	2.01	1.64	–	1.37	1.89	1.91	2.44	–	1.65	1.87
Cost-to-Collect, %	26	125	–	–	25	27	94	–	–	31
Amortisation ratio, %	41	–	–	–	41	38	–	–	–	38
Operating margin, %	30	–25	47	–	37	57	6	46	–	72
Adjusted operating margin, %	57	–25	47	–	60	57	6	46	–	72
Return on portfolio investments, ROI%	4	–7	–	5	4	15	3	–	28	16
Adjusted return on portfolio investments, ROI, %	13	–7	–	5	11	14	3	–	28	16
Segment cash flow	2,074	–7	18	152	2,237	1,902	9	15	40	1,966
Replenishment investment level	1,407	–	–	–	1,407	1,179	–	–	–	1,179
Cash flow after replenishment investments	667	–	–	–	667	723	–	–	–	723

### Portfolio Investments, carrying value and adjusted return



The segment experienced a stable development with continued good collection performance although the reported earnings for the segment is affected by a lower earnings contribution from participations in joint ventures and negative portfolio revaluations of SEK 636 million (16). The segment's reported earnings amounted to SEK 401 M (1,306) while adjusted earnings amounted to SEK 1,037 M (1,289). The portfolio return (ROI) was 4 percent (16) while the return adjusted for portfolio revaluations reached 11 percent (16).

Cash flow from joint ventures increased to SEK 152 M (40), while earnings decreased to SEK 81 M (360). The lower earnings in the quarter relates to a lower performance in our Italian SPV portfolio.

Portfolio revaluations for the quarter were negative in the amount of SEK 636 M (positive 16), reflecting an expectation of lower collections on our debt portfolios in 2020 due to the impact of Covid-19. We expect, however, to continue recovering these amounts later, which is supported by the historical patterns we have seen in previous economic cycles.

New portfolio investments during the quarter amounted to SEK 1,650 M (1,277). The majority of the investments were made in our mature markets, with the effect that the cash multiple is lower while the associated collection costs are also lower. Our total portfolio book value increased by 16 percent to SEK 36.3 billion.



# Financial overview

## Alternative P&L, Adjusted Group figures

	First quarter			Full year
	Jan–Mar 2020	Jan–Mar 2019	Change %	2019
<b>SEKm</b>				
External revenue	2,313	1,962	18	9,191
Gross cash collections	2,784	2,594	7	10,772
Cash flow from joint ventures	152	40	280	197
<b>Cash revenue</b>	<b>5,250</b>	<b>4,596</b>	<b>14</b>	<b>20,160</b>
Expenses	-2,618	-2,282	15	-9,505
<b>Cash EBITDA excluding pro forma adjustments</b>	<b>2,633</b>	<b>2,314</b>	<b>14</b>	<b>10,655</b>
Cash EBITDA margin excluding pro forma adjustments, %	50	50	-0	53
Depreciation and amortisation	-338	-288	17	-1,246
Portfolio amortisations	-1,129	-996	13	-4,183
Adjustment earnings from joint ventures	81	360	-78	1,179
Adjustment cash flow from joint ventures	-152	-40	280	-197
<b>Adjusted EBIT</b>	<b>1,095</b>	<b>1,350</b>	<b>-19</b>	<b>6,208</b>
<b>Operating cash flow to Cash EBITDA</b>				
Operating cash flow	2,267	1,352	68	6,392
Items affecting comparability excluding impairment	-	18	-100	1,138
Cash financial items	647	554	17	1,875
Paid tax	80	113	-29	802
Change in working capital (NWC)	-596	201	-396	371
Other non-cash items	163	395	-59	1,059
Adjustment earnings from joint ventures	-81	-360	-78	-1,179
Adjustment cash flow from joint ventures	152	40	280	197
Pro forma adjustments	-	-	-	789
<b>Cash EBITDA</b>	<b>2,633</b>	<b>2,314</b>	<b>14</b>	<b>11,444</b>

## Alternative P&L, Adjusted Group figures

	First quarter 2020				
	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
<b>SEKm</b>					
External revenue	1,139	1,108	66	-	2,313
Gross cash collections	-	-	2,784	-	2,784
Cash flow from joint ventures	-	-	152	-	152
<b>Cash revenue</b>	<b>1,139</b>	<b>1,108</b>	<b>3,002</b>	<b>-</b>	<b>5,250</b>
Expenses	-640	-780	-765	-433	-2,618
<b>Cash EBITDA</b>	<b>499</b>	<b>328</b>	<b>2,239</b>	<b>-433</b>	<b>2,633</b>
Depreciation and amortisation	-79	-226	-2	-31	-338
Portfolio amortisations	-	-	-1,129	-	-1,129
Adjustment earnings from joint ventures	-	-	81	-	81
Adjustment cash flow from joint ventures	-	-	-152	-	-152
<b>Adjusted segment earnings</b>	<b>420</b>	<b>102</b>	<b>1,037</b>	<b>-464</b>	<b>1,095</b>
Cash EBITDA margin, %	44	30	75	-	50

# Financial overview, cont.

## Revenues by type

SEKm	First quarter			Full year
	Jan–Mar 2020	Jan–Mar 2019	Change %	2019
External Credit Management revenues	2,248	1,945	16	8,930
Gross cash collections	2,784	2,594	7	10,772
Other Portfolio Investment segment revenues	66	193	–66	438
Associate earnings cash contribution	152	40	280	197
<b>Cash revenue</b>	<b>5,250</b>	<b>4,773</b>	<b>10</b>	<b>20,337</b>
Portfolio investment amortisations	–1,129	–996	13	–4,183
Portfolio investment revaluations	–636	16	–4,075	28
Associate earnings cash contribution	–152	–40	–280	–197
<b>Total revenues</b>	<b>3,333</b>	<b>3,752</b>	<b>–11</b>	<b>15,985</b>

## Change in revenue

Change in revenues, %	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Organic growth	–11	8	–2
Acquired growth	16	8	18
Portfolio revaluations	–17	0	0
Exchange rates	1	4	3
<b>Total</b>	<b>–11</b>	<b>20</b>	<b>19</b>

## Items affecting comparability in operating earnings

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Positive revaluations of portfolio investments	–	120	920
Negative revaluations of portfolio investments	–636	–104	–892
Integration costs Lindorff	–	–35	–224
Transaction costs for M&A	–	–90	–274
Received compensation for terminated BPO contract	–	146	147
Impairment write-down of goodwill	–	–	–2,700
Efficiency improvement programme	–	–	–656
Other items affecting comparability	–	–40	–469
<b>Total items affecting comparability in operating earnings</b>	<b>–636</b>	<b>–3</b>	<b>–4,148</b>

## Net financial items specification

SEKm	First quarter			Full year
	Jan–Mar 2020	Jan–Mar 2019	Change %	2019
Interest earnings	19	6	217	63
Interest costs	–450	–340	32	–1,512
Interest cost on leasing liability according to IFRS 16	–10	–10	0	–43
Exchange rate differences	–2	–18	–89	18
Amortisation of borrowing costs	–18	–21	–14	–94
Commitment fee	–34	–13	162	–80
Other financial items	–6	–4	50	–273
<b>Total net financial items</b>	<b>–501</b>	<b>–400</b>	<b>25</b>	<b>–1,921</b>

# Financial overview, cont.

## Cash flow and investments

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Cash flow from operating activities	2,267	1,352	6,392
Cash flow from investing activities	-1,626	-242	-11,646
<b>Total cash flow from operating and investing activities</b>	<b>641</b>	<b>1,110</b>	<b>-5,254</b>
Repurchase of shares	-490	-	-
Changes in liabilities	549	-1,132	5,838
<b>Cash flow for the period</b>	<b>700</b>	<b>-22</b>	<b>584</b>

## Assets and financing

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
Liquid assets	2,598	1,333	1,906
Portfolio investments total	36,297	31,392	35,429
Client relationships	6,191	3,814	6,079
Goodwill	33,792	33,714	33,358
Other assets	10,040	6,587	9,364
<b>Total assets</b>	<b>88,918</b>	<b>76,840</b>	<b>86,136</b>
Shareholders' equity	24,655	26,644	24,893
Net Debt	51,270	41,484	49,105
Net Debt/Cash EBITDA as per covenant definition	4.5	4.0	4.3

# Quarterly overview

Group SEKm	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018
Revenues	3,333	4,663	3,786	3,784	3,752	3,517	3,180	3,630
Adjusted revenues	3,969	4,662	3,777	3,780	3,561	3,441	3,180	3,408
Operating earnings (EBIT)	459	-2,137	1,375	1,475	1,347	1,003	838	1,240
EBIT adjusted	1,095	1,821	1,476	1,561	1,350	1,236	1,095	1,196
Cash EBITDA	2,633	3,063	2,609	2,670	2,314	2,401	2,247	2,552
Net earnings	-33	-2,482	579	879	739	482	396	701
Earnings per share, SEK	-0.25	-18.84	4.26	6.26	5.63	3.70	3.02	5.33
Return on equity, %	0	-42	9	13	12	8	7	12
Equity per share, SEK	165.62	168.12	193.28	187.54	188.55	195.16	177.58	176.03
Cash flow from operating activities per share, SEK	17.37	14.03	9.97	14.47	10.30	13.81	9.25	12.77
Number of employees (FTEs)	9,188	9,430	8,959	8,542	8,133	7,711	7,571	7,886
<b>Credit Management Services SEKm</b>	<b>Quarter 1 2020</b>	<b>Quarter 4 2019</b>	<b>Quarter 3 2019</b>	<b>Quarter 2 2019</b>	<b>Quarter 1 2019</b>			
Revenues	1,705	1,792	1,764	1,741	1,716			
- thereof external clients	1,139	1,182	1,190	1,183	1,179			
- thereof intercompany revenues	566	610	574	558	537			
Adjusted revenues	1,705	1,793	1,765	1,740	1,716			
Segment earnings	420	255	459	448	396			
Adjusted segment earnings	420	430	490	460	412			
Items affecting comparability	-	-176	-30	-13	-15			
Adjusted operating margin, %	25	24	28	26	24			
<b>Strategic Markets SEKm</b>	<b>Quarter 1 2020</b>	<b>Quarter 4 2019</b>	<b>Quarter 3 2019</b>	<b>Quarter 2 2019</b>	<b>Quarter 1 2019</b>			
Revenues	1,194	1,665	961	975	834			
- thereof external clients	1,108	1,610	899	905	766			
- thereof intercompany revenues	86	55	62	70	68			
Adjusted revenues	1,194	1,665	961	973	659			
Segment earnings	102	-2,702	153	334	241			
Adjusted segment earnings	102	517	161	337	103			
Items affecting comparability	-	-3,219	-8	-4	138			
Adjusted operating margin, %	9	31	17	35	16			
<b>Portfolio Investments SEKm</b>	<b>Quarter 1 2020</b>	<b>Quarter 4 2019</b>	<b>Quarter 3 2019</b>	<b>Quarter 2 2019</b>	<b>Quarter 1 2019</b>	<b>Quarter 4 2018</b>	<b>Quarter 3 2018</b>	<b>Quarter 2 2018</b>
Gross cash collections	2,784	2,826	2,679	2,671	2,594	2,663	2,507	2,542
Portfolio amortisations	-1,129	-1,058	-1,061	-1,068	-996	-1,055	-998	-1,002
Portfolio revaluation	-636	1	9	2	16	76	0	-1
Other Portfolio Investment segment revenues	66	98	68	80	193	57	50	47
<b>Revenue</b>	<b>1,085</b>	<b>1,867</b>	<b>1,695</b>	<b>1,685</b>	<b>1,807</b>	<b>1,741</b>	<b>1,558</b>	<b>1,587</b>
<b>Segment earnings</b>	<b>401</b>	<b>1,195</b>	<b>1,246</b>	<b>1,215</b>	<b>1,306</b>	<b>1,057</b>	<b>849</b>	<b>868</b>
Portfolio investments	1,650	3,780	831	1,436	1,277	5,444	927	2,385
Total carrying value of portfolio investments	36,297	35,429	33,196	32,377	31,392	32,261	25,772	26,102
- thereof purchased receivables	29,026	28,508	26,279	26,228	25,628	24,830	23,914	24,244
- thereof joint ventures	6,855	6,539	6,546	5,815	5,477	4,746	1,703	1,726
- thereof real estate	416	382	371	334	287	2,685	155	132
Adjusted return on portfolio investments, %	11	14	15	15	16	13	17	15
Amortisation percentage, %	41	37	40	40	38	40	40	39
ERC	68,551	64,995	61,310	60,896	58,686	57,382	47,874	49,313
Cash multiple	1.89	1.83	1.87	1.88	1.87	1.94	2.00	2.03

# Five year overview

Group SEKm	2019	2018	2017	2016	2015
Revenues	15,985	13,442	9,434	5,869	5,419
Adjusted revenues	15,780	13,131	9,437	5,824	5,387
EBIT	2,060	3,978	2,728	1,921	1,577
Adjusted EBIT	6,208	4,500	3,128	1,866	1,599
Net earnings	-285	1,943	1,503	1,468	1,172
Earnings per share, SEK	-2.76	14.18	14.62	20.15	15.92
Return on equity, %	-2	8	11	41	38
Equity per share, SEK	168.12	195.16	170.59	55.88	42.66
Cash flow from operating activities per share, SEK	48.77	48.10	-	46.64	39.74
Number of employees (FTEs)	8,766	7,910	6,293	3,865	3,738

Group SEKm	Quarter 1 2020	Quarter 1 2019	Quarter 1 2018	Quarter 1 2017	Quarter 1 2016
Revenues	3,333	3,752	3,115	1,551	1,357
Adjusted revenues	3,969	3,561	3,102	1,552	1,403
EBIT	459	1,347	897	468	416
Adjusted EBIT	1,095	1,350	973	486	411
Cash EBITDA	2,633	2,314	1,948	1,029	842
Net earnings	-33	739	364	347	310
Earnings per share, SEK	-0.25	5.63	2.77	4.77	4.26
Return on equity, %	-0	12	6	33	38
Equity per share, SEK	165.62	188.55	179.63	60.65	46.65
Cash flow from operating activities per share, SEK	17.37	10.30	11.01	9.77	10.09
Number of employees (FTEs)	9,188	8,133	8,318	4,172	3,751



# Reconciliation of alternative performance measures

SEKm	First quarter		Rolling 12 months	Full year
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	2019
<b>Items affecting comparability in revenues</b>				
Positive revaluations of portfolio investments	–	120	800	920
Negative revaluations of portfolio investments	–636	–104	–1,424	–892
Impact from early terminated BPO	–	175	2	177
<b>Total items affecting comparability in revenues</b>	<b>–636</b>	<b>192</b>	<b>–622</b>	<b>205</b>
<b>Items affecting comparability in operating earnings</b>				
Positive revaluations of portfolio investments	–	120	800	920
Negative revaluations of portfolio investments	–636	–104	–1,424	–892
Integration costs Lindorff	–	–35	–189	–224
Transaction costs for M&A	–	–90	–184	–274
Impact from early terminated BPO contract	–	146	1	147
Impairment write-down of goodwill	–	–	–2,700	–2,700
Efficiency improvement programme	–	–	–656	–656
Other items affecting comparability	–	–40	–429	–469
<b>Total items affecting comparability in operating earnings</b>	<b>–636</b>	<b>–3</b>	<b>–4,781</b>	<b>–4,148</b>
<b>Items affecting comparability by earnings statement line</b>				
Revenues from clients	–	175	2	177
Positive revaluations of portfolio investments	–	120	800	920
Negative revaluations of portfolio investments	–636	–104	–1,424	–892
Cost of sales	–	–52	–767	–819
Sales, marketing and administration costs	–	–142	–692	–834
Impairment write-down of goodwill	–	–	–2,700	–2,700
<b>Total items affecting comparability in operating earnings</b>	<b>–636</b>	<b>–3</b>	<b>–4,781</b>	<b>–4,148</b>
<b>Other items affecting comparability by segment</b>				
Credit Management Services	–	–15	–220	–235
Strategic Markets	–	138	–3,230	–3,092
Portfolio Investments	–	–	–15	–15
Common costs	–	–141	–692	–834
<b>Total other items affecting comparability</b>	<b>–</b>	<b>–19</b>	<b>–4,157</b>	<b>–4,176</b>
<b>Adjusted revenue</b>				
Revenues	3,333	3,752	15,566	15,985
Items affecting comparability	636	–191	622	–205
<b>Adjusted revenue</b>	<b>3,969</b>	<b>3,561</b>	<b>16,189</b>	<b>15,780</b>
<b>Adjusted EBIT</b>				
EBIT	459	1,347	1,172	2,060
Items affecting comparability	636	3	4,781	4,148
<b>Total adjusted EBIT</b>	<b>1,095</b>	<b>1,350</b>	<b>5,953</b>	<b>6,208</b>

# Reconciliation of alternative performance measures, cont.

SEKm	First quarter		Rolling 12 months	Full year
	Jan–Mar 2020	Jan–Mar 2019	Apr 2019– Mar 2020	2019
<b>Portfolio Investment segment earnings excluding revaluations</b>				
Portfolio Investment segment earnings	401	1,306	3,972	4,877
Revaluations	636	–16	624	–28
<b>Portfolio Investment segment earnings excluding revaluations</b>	<b>1,037</b>	<b>1,290</b>	<b>4,596</b>	<b>4,849</b>
<b>Average carrying value</b>				
Average carrying value receivables	28,767	25,229	27,510	26,669
Average carrying value joint ventures	6,697	5,111	6,439	5,643
Average carrying value real estate	394	1,357	376	1,534
<b>Total average carrying value</b>	<b>35,858</b>	<b>31,697</b>	<b>34,325</b>	<b>33,846</b>
<b>Return including revaluations</b>	<b>4</b>	<b>16</b>	<b>12</b>	<b>15</b>
<b>Return excluding revaluations</b>	<b>11</b>	<b>16</b>	<b>14</b>	<b>15</b>
<b>Cash EBITDA</b>				
EBIT	459	1,347	1,172	2,060
Depreciation and amortisation	338	288	1,296	1,246
Portfolio amortisations	1,129	996	4,316	4,183
Portfolio revaluations	636	–16	624	–28
<b>Adjustments according to loan covenants:</b>				
Adjustment earnings from joint ventures	–81	–360	–900	–1 179
Adjustment cash flow from joint ventures	152	40	309	197
Goodwill impairment	–	–	2,700	2,700
Items affecting comparability	–	19	1,457	1,476
Other pro forma adjustments	–	–	487	789
<b>Cash EBITDA</b>	<b>2 633</b>	<b>2,314</b>	<b>11,461</b>	<b>11,444</b>
<b>Net debt</b>				
Liabilities to credit institutions	7,255	5,821	7,255	6,186
Bond loans	43,828	34,761	43,828	41,644
Provisions for pensions	410	262	410	387
Commercial paper	2,375	1,973	2,375	2,794
Cash and cash equivalents	–2,598	–1,333	–2,598	–1,906
<b>Net debt at end of period</b>	<b>51,270</b>	<b>41,484</b>	<b>51,270</b>	<b>49,105</b>
<b>Net Debt/RTM Cash EBITDA</b>			<b>4.5</b>	<b>4.3</b>

# Financial reports

## Consolidated earnings statement in summary

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Revenues from clients	2,313	2,137	9,368
Revenue on portfolio investments calculated using the effective interest method	1,656	1,599	6,589
Positive revaluations of Portfolio investments	0	120	920
Negative revaluations of Portfolio investments	–636	–104	–892
<b>Total revenue</b>	<b>3,333</b>	<b>3,752</b>	<b>15,985</b>
Cost of sales	–2,401	–2,136	–9,807
<b>Gross earnings</b>	<b>932</b>	<b>1,616</b>	<b>6,178</b>
Sales, marketing and administrative expenses	–554	–629	–2,597
Goodwill impairment			–2,700
Participation in associated companies and joint ventures	81	360	1,179
<b>EBIT</b>	<b>459</b>	<b>1,347</b>	<b>2,060</b>
Net financial items	–501	–400	–1,921
<b>Earnings before tax</b>	<b>–42</b>	<b>947</b>	<b>139</b>
Tax	9	–208	–424
<b>Net earnings from continuing operations</b>	<b>–33</b>	<b>739</b>	<b>–285</b>
Profit from discontinued operations, net of tax	0	0	0
<b>Net earnings for the period</b>	<b>–33</b>	<b>739</b>	<b>–285</b>
<i>Of which attributable to:</i>			
Parent company's shareholders	–27	726	–362
Non-controlling interest	–6	13	77
<b>Net earnings for the period</b>	<b>–33</b>	<b>739</b>	<b>–285</b>
Average no of shares before and after dilution, '000	130,502	131,291	131,066
<b>Earnings per share before and after dilution</b>			
Profit from continuing operations, SEK	–0.25	5.63	–2.76
<b>Total earnings per share before and after dilution, SEK</b>	<b>–0.25</b>	<b>5.63</b>	<b>–2.76</b>

# Consolidated statement of comprehensive earnings in summary

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Net earnings for the period	–33	739	–285
<i>Other comprehensive earnings, items that will be reclassified to profit and loss:</i>			
Currency translation difference	285	363	318
<i>Other comprehensive earnings, items that will not be reclassified to profit and loss:</i>			
Remeasurement of pension liability	0	0	–32
<b>Comprehensive earnings for the period</b>	<b>252</b>	<b>1,102</b>	<b>1</b>
<i>Of which attributable to:</i>			
Parent company's shareholders	90	1,089	–94
Non-controlling interest	162	13	95
<b>Comprehensive earnings for the period</b>	<b>252</b>	<b>1,102</b>	<b>1</b>

# Consolidated balance sheet in summary

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Intangible fixed assets</b>			
Goodwill	33,792	33,714	33,358
Capitalized expenditure for IT development and other intangibles	861	473	802
Client relationships	6,191	3,814	6,079
<b>Total intangible fixed assets</b>	<b>40,844</b>	<b>38,001</b>	<b>40,239</b>
<b>Tangible fixed assets</b>			
Right-of-use assets	873	696	888
Investment property	11	2	0
Other tangible fixed assets	213	229	212
<b>Total tangible fixed assets</b>	<b>1,097</b>	<b>927</b>	<b>1,100</b>
<b>Other fixed assets</b>			
Shares in joint ventures	6,855	5,477	6,539
Other shares and participations	1	1	0
Portfolio investments	29,026	25,628	28,508
Deferred tax assets	1,417	527	1,300
Other long-term receivables	175	32	183
<b>Total other fixed assets</b>	<b>37,474</b>	<b>31,665</b>	<b>36,530</b>
<b>Total fixed assets</b>	<b>79,415</b>	<b>70,593</b>	<b>77,869</b>
<b>Current Assets</b>			
Accounts receivable	1,635	803	1,860
Inventory of real estate	405	285	382
Client funds	1,309	1,022	1,060
Tax assets	334	233	382
Other receivables	1,247	1,543	1,334
Prepaid expenses and accrued earnings	1,975	1,028	1,343
Cash and cash equivalents	2,598	1,333	1,906
<b>Total current assets</b>	<b>9,503</b>	<b>6,247</b>	<b>8,267</b>
<b>TOTAL ASSETS</b>	<b>88,918</b>	<b>76,840</b>	<b>86,136</b>



# Consolidated balance sheet, cont.

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Attributable to parent company's shareholders	21,614	24,755	22,014
Attributable to non-controlling interest	3,041	1,889	2,879
<b>Total shareholders' equity</b>	<b>24,655</b>	<b>26,644</b>	<b>24,893</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	7,255	5,815	6,186
Bond loans	42,828	33,761	40,644
Long-term leasing liabilities	674	435	474
Other long-term liabilities	1,372	395	1,303
Provisions for pensions	410	262	387
Other long-term provisions	20	6	19
Deferred tax liabilities	2,001	1,804	1,938
<b>Total long-term liabilities</b>	<b>54,560</b>	<b>42,478</b>	<b>50,951</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0	6	0
Bond loans	1,000	1,000	1,000
Commercial paper	2,375	1,973	2,794
Client funds payable	1,098	1,022	1,060
Accounts payable	644	567	512
Earnings tax liabilities	398	200	422
Advances from clients	90	62	88
Short-term leasing liabilities	234	262	443
Other current liabilities	1,134	637	810
Accrued expenses and prepaid earnings	2,658	1,973	3,014
Other short-term provisions	72	16	149
<b>Total current liabilities</b>	<b>9,703</b>	<b>7,718</b>	<b>10,292</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>88,918</b>	<b>76,840</b>	<b>86,136</b>

# Consolidated statement of changes in shareholders' equity

SEKm	2020			2019		
	Attributable to Parent Company's shareholders	Non- controlling interest	Total	Attributable to Parent Company's shareholders	Non- controlling interest	Total
Opening balance, January 1	22,014	2,879	24,893	23,666	2,006	25,672
Repurchase of shares	-490		-490			
Divestment of shares in company with non-controlling interest			0		-130	-130
Comprehensive earnings for the period	90	162	252	1,089	13	1,102
<b>Closing balance, March 31</b>	<b>21,614</b>	<b>3,041</b>	<b>24,655</b>	<b>24,755</b>	<b>1,889</b>	<b>26,644</b>

# Consolidated cash flow statement in summary

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
<b>Operating activities</b>			
EBIT	459	1,347	2,060
Depreciation/amortisation and impairment write-down	338	288	4,284
Amortisation/revaluation of purchased debt	1,764	980	4,155
Other adjustment for items not included in cash flow	-163	-395	-1,059
Interest received	49	6	62
Interest paid	-638	-532	-1,454
Other financial expenses paid	-58	-28	-483
Earnings tax paid	-80	-113	-802
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,671</b>	<b>1,553</b>	<b>6,763</b>
Changes in factoring receivables	-6	4	-47
Other changes in working capital	602	-205	-324
<b>Cash flow from operating activities</b>	<b>2,267</b>	<b>1,352</b>	<b>6,392</b>
<b>Investing activities</b>			
Purchases of tangible and intangible fixed assets	-123	-209	-699
Portfolio investments in receivables and inventory of real estate	-1,655	-1,509	-7,612
Acquisition of subsidiaries and joint ventures	-	-21	-5,135
Liquid assets in acquired/divested subsidiaries	-	7	384
Proceeds from divestment of subsidiaries and associated companies	-	1,488	1,488
Other cash flow from investing activities	152	2	-72
<b>Cash flow from investing activities</b>	<b>-1,626</b>	<b>-242</b>	<b>-11,646</b>
<b>Financing activities</b>			
Borrowings and repayment of loans	549	-1,132	7,229
Repurchase of shares	-490	0	-86
Share dividend to parent company's shareholders	-	0	-1,247
Dividend to non-controlling shareholders	-	0	-58
<b>Cash flow from financing activities</b>	<b>59</b>	<b>-1,132</b>	<b>5,838</b>
Cash flows from continuing operations	700	-22	584
<b>Total change in liquid assets</b>	<b>700</b>	<b>-22</b>	<b>584</b>
<b>Opening balance of liquid assets</b>	<b>1,906</b>	<b>1,348</b>	<b>1,348</b>
Exchange rate differences in liquid assets	-8	7	-26
<b>Closing balance of liquid assets</b>	<b>2,598</b>	<b>1,333</b>	<b>1,906</b>
<b>Group total</b>			
Cash flow from operating activities	2,267	1,352	6,392
Cash flow from investing activities	-1,626	-1,378	-11,646
Cash flow from financing activities	59	4	5,838

# Earnings statement – parent company

SEKm	First quarter		Full year
	Jan–Mar 2020	Jan–Mar 2019	2019
Revenues	94	52	402
<b>Gross earnings</b>	<b>94</b>	<b>52</b>	<b>402</b>
Sales and marketing expenses	–5	–6	–25
Administrative expenses	–182	–198	–793
<b>EBIT</b>	<b>–93</b>	<b>–152</b>	<b>–416</b>
Earnings from subsidiaries	0	0	1,181
Exchange rate differences on monetary items classified as expanded investment and hedging activities	–127	–503	–578
Net financial items	–176	–120	–970
<b>Earnings before tax</b>	<b>–396</b>	<b>–775</b>	<b>–783</b>
Tax	0	0	96
<b>Net earnings for the period</b>	<b>–396</b>	<b>–775</b>	<b>–687</b>

Net earnings for the period corresponds to comprehensive earnings for the period.

# Balance sheet – parent company

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	197	55	141
Tangible fixed assets	12	11	13
Financial fixed assets	70,716	53,567	69,627
<b>Total fixed assets</b>	<b>70,925</b>	<b>53,633</b>	<b>69,781</b>
<b>Current assets</b>			
Current receivables	1,143	10,860	1,484
Cash and cash equivalents	928	861	220
<b>Total current assets</b>	<b>2,071</b>	<b>11,721</b>	<b>1,704</b>
<b>TOTAL ASSETS</b>	<b>72,996</b>	<b>65,354</b>	<b>71,485</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Restricted equity	285	285	285
Unrestricted equity	13,256	15,388	14,142
<b>Total shareholders' equity</b>	<b>13,541</b>	<b>15,673</b>	<b>14,427</b>
Long-term liabilities	54,572	42,552	50,192
Current liabilities	4,883	7,129	6,866
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>72,996</b>	<b>65,354</b>	<b>71,485</b>

# Other information

## Parent Company

The Group's publicly listed Parent Company, Intrum AB (publ), owns the subsidiaries, provides the Group's head office functions and handles certain Group-wide development work, services and marketing.

The Parent Company reported net revenues of SEK 94 M (52) for the quarter and earnings before tax of SEK –396 M (775). The Parent Company invested SEK 60 M (21) in fixed assets during the quarter and had, at the end of the quarter, SEK 928 M (861) in cash and cash equivalents. The average number of employees was 60 (68).

## Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company. In addition to appearing in the financial statements, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report.

The accounting principles applied by the Group and the Parent Company are essentially unchanged compared with the 2019 Annual Report.

Changes in IFRS standards as of 1 January 2020 have not had any material impact on this interim report.

## Transactions with related parties

Neither during the quarter nor during the full-year, have any significant transactions occurred between Intrum and other closely related companies, boards or Group management teams.

## Market development and outlook

In Intrum's integrated business model, consisting of credit management services and portfolio investments, we see favourable development in both areas, even though Q1, 2020 has been impacted by considerable macroeconomic insecurity, which, in the short term affects our clients decision making. Much of the ground-work has now been done to enable us to start the execution of our production transformation programme in the credit management operations. Intrum will gradually centralise, standardise and improve large parts of the collection process. In the future, we anticipate the actions being taken in this area will continue to improve efficiency and the CMS margin.

## Significant risks and uncertainties

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, Brexit, compliance and changes in regulations, reputation risks, tax risks, risks attributable to IT and information management, risks attributable to acquisitions, market risks, liquidity risks, credit risks, risks inherent in portfolio investments and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2019 Annual Report. No significant risks are considered to have arisen besides those described in the Annual Report.

## New segmentation as of 2020

To reflect Intrum's growth in southern Europe, a third segment has been established, comprising Intrum's markets in southern Europe, in parallel with the existing Credit Management Services and Portfolio Investments segments. Accordingly, as of 2020, Intrum is organised and into, and will report on three segments, these being Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain). At the same time, the previous segmentation into four geographical regions is being discontinued.

## Fair value of financial instruments

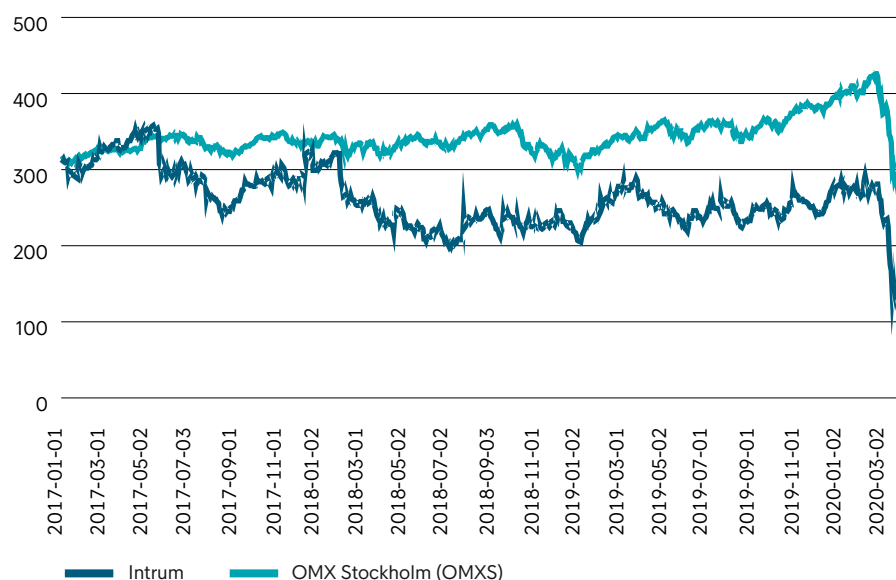
Most of the Group's financial assets and liabilities (portfolio investments, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit in-

stitutions, bonds, commercial papers, accounts payable and other liabilities) are carried in the accounts at amortised cost. For most of these financial instruments, the carrying amount is assessed to be a good estimate of fair value. For outstanding bonds with a total carrying value of SEK 43,828 M (34,761) at the end of the quarter, fair value is, however, calculated at SEK 33,871 M (42,479). The Group also holds forward exchange contracts and other financial assets of SEK 764 M (204), as well as financial liabilities of SEK 284 M (356) carried at fair value in the earnings statement.

### The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 January–31 March 2020, 66,838,329 shares were traded for a total value of SEK 11,872 M, corresponding to 53 percent of total number of shares at the end of the period. The highest price paid during the period 1 January–31 March 2020 was SEK 303.80 (5 February) and the lowest was SEK 97.70 (23 March). On the last trading day of the period, 31 March 2020, the share price was SEK 132.40 (latest paid). During the period 1 January–31 March 2020, Intrum's share price declined by 53 percent, while Nasdaq OMX Stockholm fell by 16 percent.

### Share price, SEK



### Shareholders

31 March 2020	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	44.6
NN Investment Partners	6,476,689	5.0
AMF Försäkring & Fonder	5,772,467	4.5
Swedbank Robur Fonder	4,314,990	3.4
Handelsbanken Fonder	3,319,091	2.6
Vanguard	2,699,789	2.1
Lannebo Fonder	2,551,760	2.0
Odin Fonder	2,309,398	1.8
TIAA - Teachers Advisors	2,253,180	1.8
Första AP-fonden	2,132,910	1.7
BNP Paribas Asset Management	1,891,661	1.5
Degroof Petercam	1,493,099	1.2
Nordnet Pensionsförsäkring	1,454,840	1.1
BlackRock	1,053,879	0.8
Folketrygdfondet	1,047,404	0.8
<b>Total, fifteen largest shareholders</b>	<b>96,500,113</b>	<b>74.9</b>
<b>Total number of shares excluding treasury shares</b>	<b>125,910,820</b>	

Source: Modular Finance Holdings and Intrum

Treasury shares of 5,630,500 are not included in the number of outstanding shares. Swedish ownership accounted for 33.2 percent (institutions 10.2 percentage points, mutual funds 14.5 percentage points, retail 8.5 percentage points).



## Currency exchange rates

	Closing rate 31 Mar 2020	Closing rate 31 Mar 2019	Average rate Jan–Mar 2020	Average rate Jan–Mar 2019
1 EUR=SEK	11.06	10.40	10.66	10.42
1 CHF=SEK	10.45	9.31	10.00	9.20
1 NOK=SEK	0.96	1.07	1.02	1.07
1 HUF=SEK	0.0307	0.0324	0.0314	0.0328

### Events after the balance sheet date

Under the period 13 March 2020 up to and including 15 April 2020, a total of 9,820,402 shares were repurchased as part of Intrum's share buyback program corresponding to approximately 7.47 per cent of the company's outstanding shares, at an average price of 127.28 SEK per share. The share buyback program, that allowed the company to buy back own shares under the period 13 March 2020 up to and including 5 May 2020 was completed 15 April 2020. A maximum of 12,554,132 shares were allowed to be repurchased, at a maximum amount of 1,250,000,000 SEK. Total number of shares after the buyback program is 121,720,918.

## For further information, please contact

**Mikael Ericson, President and CEO**, tel: +46 8 546 102 02

**Anders Engdahl, CFO**, tel: +46 8 546 102 02

**Viktor Lindeberg, Investor Relations**, tel: +46 8 546 102 02

Anders Engdahl is the contact under the EU Market Abuse Regulation.

The information in this interim report is such that Intrum AB (publ) is required to disclose pursuant to the EU's markets abuse directive and the Securities Markets Act. The information was provided under the auspices of the contact person above for publication on 6 May 2020 at 08.00 a.m. CET.

The 2020 Annual General Meeting of Intrum will be held on Wednesday, 6 May 2020 at 3.00 p.m. CET at the Company's offices at Hesselmans torg 14, Nacka, Sweden.

Year-end reports, interim reports and other financial information are available via [www.intrum.com](http://www.intrum.com)

Denna delårsrapport finns även på svenska.

Stockholm 6 May 2020

**Mikael Ericson**  
President and CEO

The interim report has not been reviewed by the company's auditors.

# Definitions

## Result concepts, key figures and alternative indicators

### Consolidated net revenues

Consolidated net revenues include external credit management earnings (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription earnings, etc.), earnings from portfolio investments operations (collected amounts less amortisation and revaluations for the period) and other earnings from financial services (fees and net interest from financing services).

### Operating earnings (EBIT)

Operating earnings consist of net revenues less operating expenses as shown in the earnings statement.

### Operating margin

The operating margin consists of operating earnings expressed as a percentage of net revenues.

### Adjusted net revenues/revenues

Net revenue/revenues excluding portfolio revaluations and other items affecting comparability.

### Adjusted operating earnings (EBIT)

Adjusted operating earnings (EBIT) is operating earnings excluding revaluations of portfolio investments and other items affecting comparability.

### Adjusted operating margin

Adjusted operating earnings (EBIT) in relation to adjusted net revenue/revenue.

### Cash revenue

An alternative performance indicator that includes net revenues and cashflow from gross collections and cash flow from joint ventures.

### External revenue

Revenue from Intrum's external clients and revenue generated from Real Estate Owned assets (REO).

### Internal revenue

Predominantly related to revenue paid by the Portfolio Investment segment to Credit Management Services and Strategic Markets segments for collection activities made on the behalf of Intrum's own portfolios.

### EBITDA

EBITDA is defined as operating earnings (EBIT) adding back depreciation and amortisations of tangible and intangible assets.

### Cash EBITDA

Cash EBITDA is adjusted operating earnings (EBIT) adding back depreciation and amortisations and portfolio amortisations. In addition, the EBIT contribution from joint ventures is replaced by the actual cash contribution from the joint venture.

### Items affecting comparability

Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. These include portfolio revaluations, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, extraordinary projects, divest-

ments, impairment of non-current fixed assets other than portfolio investments, acquisition and divestment expenses, advisory costs for discontinued acquisition projects, costs for relocation to new office space, termination and recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unusual agreements. Items affecting comparability are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

### Portfolio investments

The investments for the period in portfolios of overdue receivables, with and without collateral, investments in real estate and in joint ventures whose operations entail investing in portfolios of receivables and properties.

### Portfolio investments – collected amounts, amortisations and revaluations

Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognised at amortised cost applying the effective interest method, based on a collection forecast established at the acquisition date of each portfolio. Net revenues attributable to portfolio investments consist of collected amounts less amortisation for the period and revaluations. The amortisation represents the period's reduction in the portfolio's current value, which is attributable to collection taking place as planned. Revaluation is the period's increase or decrease in the current value of the portfolios attributable to the period's changes in forecasts of future collection.

### Amortisation percentage

Amortisation on portfolio investments during the period, as a percentage of collections.

### Return on portfolio investments (ROI)

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees (financial services), recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the segment's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. The definition of average book value is based on using average values for the quarters.

### Estimated remaining collections, ERC

The estimated remaining collections represent the nominal value of the expected future collection on the Group's portfolio investments, including Intrum's anticipated cash flows from investments in joint ventures.

### Cashflow from joint ventures

The cashflow received by Intrum in form of distributions and dividends from investments in non-consolidated joint ventures.

### Cash multiple

Estimated remaining collections (ERC) on all the Group's portfolio investments, as a share of the total book value amount.

### Replenishment investment level

Replenishment investment level defined as keeping 12 month forward ERC divided by last 12 month MoM multiple (quarterly using 1/4 of full year).

### Organic growth

Organic growth refers to the average increase in net revenues in local currency, adjusted for revaluations of portfolio investments and the effects of acquisitions and divestments of Group companies. Organic growth is a measure of the development of the Group's existing operations that management has the ability to influence.

### Segment earnings

Segment earnings relate to the operating earnings of each segment, Credit Management and Financial Services, excluding common costs for sales, marketing and administration.

### Operating margin, segment

The operating margin, segment consists of service line earnings expressed as a percentage of net revenues.

### Net debt

Net debt is interest-bearing liabilities and pension provisions less liquid assets and interest-bearing receivables.

### RTM

The abbreviation RTM refers to figures on a rolling 12-month basis.

### Pro forma adjustments

Businesses that have been acquired during the period are included on a pro forma basis during the entire twelve month period.

### Net debt/Cash EBITDA

This key figure refers to net debt divided Cash EBITDA on a rolling 12-month basis. The key figure is included among the Group's financial targets, is an important measure for assessing the level of the Group's borrowings and is a widely accepted measure of financial capacity among lenders. This key figure is calculated in accordance with the definitions stated in the terms of the Group's revolving syndicated loan facility, which means, among other things, that participations in non-consolidated joint ventures is only included to the extent that earnings are distributed to Intrum and that operations acquired during the period are included on a pro forma-basis throughout the 12-month period.

### Currency-adjusted change

With regard to trends in revenues and operating earnings, excluding revaluations for each region, the percentage change is stated in comparison with the corresponding year-earlier period, both in terms of the change in the respective figures in SEK and in the form of a currency-adjusted change, in which the effect of changes in exchange rates has been excluded. The currency-adjusted change is a measure of the development of the Group's operations that management has the ability to influence.

# About Intrum

Intrum is the industry-leading provider of Credit Management Services with a presence in 24 markets in Europe. Intrum helps companies prosper by offering solutions designed to improve cash flows and long-term profitability and by caring for their customers. To ensure that individuals and companies get the support they need to become free from debt is one important part of the company's mission. Intrum has around 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2019, the company generated revenues of SEK 16.0 billion. Intrum is headquartered in Stockholm, Sweden and the Intrum share is listed on the Nasdaq Stockholm exchange. For further information, please visit [www.intrum.com](http://www.intrum.com).

## Business model

We ensure that companies are paid by offering two types of services. Credit Management-services focusing on late payments (that is, collection), as well as purchasing of portfolios of overdue receivables. Beyond this, we offer a full range of services covering companies' entire credit management chain.

## Intrum as an investment

**Growing market** – The market for our services is growing. With digitisation, credit sales are increasing, the market is being consolidated and new types of receivables are being sold as companies and banks seek to focus more on their core operations.

**Market-leading position** – Intrum is the industry leader in Europe, with a presence in 24 countries. We also have partners in another 160 countries. Our size allows us to partner with clients across several markets. Our broad knowledge spans multiple industries and we have opportunities to invest in new technologies and innovative solutions.

**A complete range** – Intrum offers a complete range of credit management services, covering companies' complete credit management chains.

**Considerable trust and 100 years of experience** – Our work can only be performed if we have our clients' complete trust and conduct our operations ethically and with respect for the end-customer. Our 100 years of experience demonstrate the strength of our business model and our view of business. We build long-term partnerships with our clients.

**Intrum leads the way towards a sound economy** – A functioning credit market is a prerequisite for the business community, and consequently for society as a whole, to perform properly. Intrum plays an important role in this context.

## Financial calendar 2020

**6 May 2020**,  
Annual General Meeting

**23 July 2020**, Interim report  
for the second quarter

**23 October 2020**, Interim report  
for the third quarter

**28 January 2021**,  
Year-end-report 2020