

Market update 23 August 2019

B2Holding ASA will hereby inform that the company will report a loss for the second quarter 2019 of NOK 270 million following net actualisation / revaluation charges of NOK 421 million which mainly relate to one-off net write down on Secured Portfolios in Croatia, Bulgaria and Romania. Following the write down and with actions in place to prevent re-occurrence, the Group is well positioned to deliver stable results going forward.

Following a detailed review of the timing and value of the expected remaining recovery (ERR) on its Secured Portfolios, the Group has taken a one-off net write down of NOK 388 million in Q2 in connection with delays and lower expected recoveries in Croatia, Bulgaria & Romania and positive development in other areas. The review has been carried out through June, July and August, and findings were presented this week.

The Group has introduced new underwriting procedures and is taking a more conservative approach to the booking of collection curves as well as establishing a Recovery Support Team. The Recovery Support Team will focus on Secured Portfolios in order to maximize the values in the portfolios and minimise the risk of re-occurrence.

Further update based on preliminary financial information for the second quarter of 2019 (comparable figures for Q2 2018 in brackets) is as follows:

Gross cash collection of NOK 1,274 million (NOK 1,032 million)

- up 23% y-o-y

Cash EBITDA of NOK 993 million (NOK 759 million)

- up 31% y-o-y

Portfolio purchases of NOK 1,667 million (NOK 2,273 million)

- down 27% y-o-y

Total gross ERC at end of quarter of NOK 22,595 million (NOK 20,119 million)

- up 12% y-o-y

Leverage Ratio at end of quarter at 3.2x (3.3x) verifying that the company has a solid debt servicing capacity.

B2Holding ASA NOK(million)	Before Write Down				After Write Down	
	2018q2	2019q2	2018h1	2019h1	2019q2	2019h1
Interest income from purchased loan portfolios	639	660	1 181	1 318	660	1 318
Net changes credit gain/loss purchased loan portfolios	3	-32	-7	-30	-421	-419
Other operating revenues	119	140	233	275	140	275
Total operating revenues	761	768	1 407	1 563	379	1 174
Total operating expenses	-405	-448	-725	-893	-448	-893
Operating profit/(loss)	356	320	682	670	-69	281
Net financial items	-114	-193	-237	-412	-193	-412
Profit/(loss) before tax	242	127	445	258	-262	-131
Taxation	-61	-24	-111	-49	-8	-33
Profit/(loss) after tax	182	103	334	209	-270	-164

Additional information will be provided in connection with the presentation of the Q2 results on Friday, 30 August 2019.

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