Intrum Justitia AB

First-quarter Interim Report (January–March) 2003

Revenues Grow 9 percent

- **Consolidated revenues increased by 9% to SEK 717.6 M (656.4) in the first quarter.**
- **Operating earnings before goodwill amortization and items affecting comparability increased by 5% in the first quarter, to SEK 104.0 M (99.3).**
- **Cash flow from operating activities was SEK 67.7 M (61.6).**
- **Collection cases in stock for the quarter were 37% up year on year, from 7.3 to 10.0 million cases.**

SEK M	**Jan–Mar 2003**	Jan–Mar 2002	*Chg., %*	**Jan–Dec 2002**
Revenues	**717.6**	656.4	*9.3*	**2,774.9**
Operating earnings (adjusted EBITA)	**104.0**	99.3	*4.7*	**481.4**
Operating earnings (EBIT)	**32.9**	66.5	*–50.5*	**346.2**
Net earnings	**6.2**	26.0	*–76.2*	**173.3**
Earnings per share, SEK	**0.07**	0.59	—	**2.61**

The Intrum Justitia Group
Mr. Jan Roxendal took up his position as Intrum Justitia's Chief Executive Officer and President in the period, while Vice President Mr. Bertil Persson returned to his former post as CFO.

Review, January–March 2003: Revenues and EBITA
Consolidated revenues amounted to SEK 717.6 M (656.4) in the January-March period, a 9% increase. Organic growth accounts for 5 percentage points, acquisitions generated 6 percentage points (Stirling Park of Scotland and French enterprises Jean Riou Contentieux and Cofreco) and –2 percentage points resulted from Swedish krona appreciation. Organic growth experienced a pronounced negative impact from deteriorating progress in England, with consolidated revenues excluding England generating 12% organic growth.

Revenue gains came primarily from France, the Netherlands, Finland and Poland, with the operations in France experiencing robust growth supplemented by acquisitions, while the latter three countries saw organic growth primarily in the *Consumer Collection & Debt Surveillance* service line. In Poland, growth is mainly being driven by a major new customer in the telecom sector.

Adjusted EBITA grew by 5% to SEK 104.0 M, equivalent to 6% gains adjusted for currency effects, primarily attributable to *Consumer Collection & Debt Surveillance* and the countries mentioned above.

A combination of increased price pressure in the English market and the departure of one of the English business's ten largest customers, plus expenses for expanding and extending sales resources, exerted an impact on the results of the *United Kingdom & Ireland* region.

Efforts to integrate the group's German activities were intensified, and in 2003, the cost base of the loss-generating business Schimmelpfeng will be reduced by headcount downsizing and closure of the Frankfurt office. A similar rationalization program has begun in Belgium and the Netherlands. First-quarter earnings were subject to an SEK 41.0 M provisioning for the restructuring of group companies in these countries, accounted as an item affecting comparability. The estimated annualized cost savings are SEK 20 M, fully effective from the beginning of 2004 onwards. In the current year, expenses are expected to be reduced by SEK 11 M.

Operating earnings (EBIT) declined to SEK 32.9 M (66.5), the main factor being restructuring expenses for integration in the *Netherlands, Belgium & Germany* region. First-quarter earnings before tax were SEK 17.1 M (43.2); net earnings for the period were SEK 6.2 M (26.0).

Service Line Highlights

Consumer Collection & Debt Surveillance: the service line seeing greatest growth in the first quarter, with an increase from SEK 370.7 M in the first quarter of the previous year to SEK 427.6 M. The service line's organic growth in the period was 9%. EBITA earnings in the period grew by 15% to SEK 94.7 M. A sizeable portion of the revenue gains is attributable to the Netherlands and France, but also to Poland and Finland. Major volume expansions from new and existing clients, primarily in the telecom and utilities sectors, were decisive factors in the service line's positive performance in the period.

Commercial & International Collection: revenues grew from SEK 171.2 M in the first quarter of 2002, to SEK 174.5 M. Organic growth was negative in the period, and EBITA declined by SEK 6 M in the quarter, to SEK 18.7 M. Revenue growth was held back by persistent weak progress in England, while advances were made in the *Sweden, Norway & Denmark* region, and also in Switzerland, where high inflows of customers with relatively modest annual volumes can be processed efficiently thanks to a high automation level.

Purchased Debt: service line revenues were SEK 49.3 M. (40.0), while EBITA declined by 3% to SEK 20.5 M in the reporting period. Operating margin were 42% (53); reduced collection in the English portfolios and a negative impact of increased price levels on newly acquired portfolios were the main reasons for reduced earnings year on year.

Sales Ledger: service line revenues grew by 12% year on year in the first quarter, by SEK 3 M to SEK 28.4 M. The revenue gains were mainly due to Belgium and France, where the demand for this type of service increased from existing customers. EBITA in the reporting period amounted to SEK –9.0 M. These operations remain in their build-up phase, and have yet to achieve critical mass, resulting in the current losses.

Other Services: revenues grew by 2% year on year to SEK 61.1 m (59.9); EBITA was SEK 1.6 M, comparable with the previous year. The Norwegian business increased its purchases of fresh receivables, making a positive contribution to revenue growth, while revenue in Switzerland declined somewhat year on year, as a consequence of the slightly weaker economic climate prevailing in the region.

Acquisitions

French enterprise Jean Riou Contentieux was acquired late in the fourth quarter 2002, a transaction effective from December 31, 2002. The acquisition of French enterprise Cofreco was finalized in the reporting period, effective from January 8, 2003. Both these entities were acquired from the Fininfo Group of France, and have secured Intrum Justitia market leadership in France. The former acquisition resulted in a goodwill charge of SEK 24 M, and the latter, SEK 37 M.

The French enterprises and Scottish business Stirling Park are being integrated according to plan with Intrum Justitia's extant operations in these countries.

Expenses

The cost of sold services is in line with revenue growth. Increase in total administrative expenses largely relates to completed acquisitions, while central administration expenses were comparable to the previous year.

Items Affecting Comparability

Earnings include expenses of SEK 41.0 M, mainly relating to the integration of Intrum Justitia's German operations (SEK 37 M) and a rationalization program in the Netherlands and Belgium (SEK 4 M).

Net Financial Items

Financial expenses were lower than in the corresponding period of the previous year due to the loan amortization put in place at the time of the initial public offering in 2002.

Cash Flow

Cash flow from operating activities advanced to SEK 67.7 M for the period January–March 2003, from SEK 61.6 M for the corresponding period of 2002.

Investments in fixed assets proceeded according to plan, while net investments in debt portfolios reduced in the period, partly as a result of major acquisitions made during the latter part of last year, and part due to more selective procurement.

Financing

As at March 31, 2003, net debt was SEK 808.6 M, against SEK 1,087.4 M as at March 31, 2002.

Shareholders' equity was SEK 1,534.6 M (21.8), influenced by factors including 0.6% depreciation of the Swedish krona against the euro between December 31, 2002 and March 31, 2003, and its 4.4% appreciation against sterling in the same period.

Consolidated liquid assets were SEK 147.8 M (118.0) as at March 31, 2003, when the group also had SEK 142.4 M of credit facilities not drawn down.

Human Resources

The average number of employees was 2,865 (2,638), with the first-quarter increase mainly relating to acquisitions.

Parent Company

The parent company Intrum Justitia AB (publ) had revenues of SEK 5.8 M (–) and earnings before tax of SEK –9.7 M (–0.6) for January–March 2003. The parent company invested SEK 0.0 M (–) in fixed assets in the first quarter, and had liquid assets of SEK 2.3 M (0.9) at the quarter end.

Market and Outlook

Despite a gradual deterioration of the economic climate, the group is retaining its objective of minimum average volume growth of 10% over a business cycle.

Highlights after the End of the Period

In April, Visegrad NV requested exercise of its option to acquire 40% of the shares of Intrum Justitia Central Europe BV, for USD 40,000. Intrum Justitia Central Europe BV is the holding company of the Group's operational enterprises in Poland, the Czech Republic and Hungary. This transaction is expected to exert no material impact on the consolidated accounts. Looking ahead, this implies a 40% minority holding in these entities. The details associated with this agreement were published in a press release dated May 7, 2003.

Additionally, the Group signed a new master agreement with its primary lender, in April. This new agreement provides the Group with access to increased credit facilities for its future expansion, and a simplified collateral structure suited to the group's improved debt/equity ratio. Moreover, because of the new agreement, the group expects its yearly interest expenses to decline by some SEK 4 M, retroactively from January 1, 2003. The Income Statement includes the related effects on net financial items in the first quarter of 2003.

Accounting Principles

This Interim Report has been prepared in accordance with generally accepted accounting practice in Sweden and RR's (the Swedish Financial Accounting Standards Council) Recommendation RR 20.

The company has applied the same accounting principles as in previous years. Although RR has issued six new auditing recommendations that apply from 2003 onwards, none exert any impact on Intrum Justitia's accounted earnings or position but merely impact on accounting formats and supplementary disclosures in the Annual Report.

Reporting Dates

The Second-quarter Interim Report (April–June 2003) will be published on August 19, 2003.

The Third-quarter Interim Report (July–September 2003), will be published on November 11, 2003.

Stockholm, Sweden, May 13, 2003
Intrum Justitia AB (publ)

Jan Roxendal
Chief Executive Officer and President

This Interim Report has not been reviewed by the company's auditor.

This Interim Report and other financial information is available at Intrum Justitia's Website: www.intrum.com

Denna delårsrapport finns även på svenska

Telephone Conference

Intrum Justitia's CEO, Mr. Jan Roxendal, and CFO Mr. Bertil Persson, will comment on this Quarterly Report in a telephone conference held today at 2 p.m. CET.
The telephone number for the conference is +44 (0)20 8901 6901 or +1 416 640 4127. A replay facility will be available for 48 hours following the conference call on tel: +44 (0)20 8797 2499 (access code: 900169#) or +1 416 640 1917 (access code: 250585#).

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Revenues and Earnings

SEK M	January–March 2003	January–March 2002	Change, %	Full Year 2002
Revenues	717.6	656.4	9.3	2,774.9
EBITDA (operating earnings before depreciation and amortization)	**85.1**	**118.4**	**–28.1**	**560.6**
Operational depreciation	–22.1	–19.1	15.7	–87.7
EBITA (operating earnings before goodwill amortization)	**63.0**	**99.3**	**–36.6**	**472.9**
Adjustment for items affecting comparability	41.0	0.0	n/a	8.5
Adjusted EBITA	**104.0**	**99.3**	**4.7**	**481.4**
EBITA as above	63.0	99.3	–36.6	472.9
Goodwill amortization	–30.1	–32.8	–8.2	–126.7
Operating earnings before net financial items and taxes (EBIT)	**32.9**	**66.5**	**–50.5**	**346.2**

Revenues by Service Line

SEK M	January–March 2003	January–March 2002	Change, %	Full Year 2002
Consumer Collection & Debt Surveillance	427.6	370.7	15.3	1,597.1
Commercial & International Collection	174.5	171.2	1.9	706.0
Purchased Debt	49.3	40.0	23.3	163.1
Sales Ledger	28.4	25.4	11.8	101.2
Other	61.1	59.9	2.0	276.0
Elimination of inter-service line revenue	–23.3	–10.8	—	–68.5
Total	**717.6**	**656.4**	**9.3**	**2,774.9**

Operating Earnings (EBITA) by Service Line

SEK M	January–March 2003	January–March 2002	Change, %	Full Year 2002
Consumer Collection & Debt Surveillance	94.7	82.2	15.2	370.4
Commercial & International Collection	18.7	24.7	–24.3	102.0
Purchased Debt	20.5	21.1	–2.8	84.2
Sales Ledger	–9.0	–8.2	n/a	–37.4
Other	1.6	1.6	n/a	39.0
Central	–22.5	–22.1	n/a	–76.8
Items affecting comparability	–41.0	0.0	n/a	–8.5
Total	**63.0**	**99.3**	**–36.6**	**472.9**

EBITA for service lines and regions is the externally generated EBITA less central marketing expenses.

Revenues by Region

SEK M	January–March 2003	2002	Change, %	Full Year 2002
Sweden, Norway & Denmark	181.8	172.6	5.3	712.0
United Kingdom & Ireland	114.9	138.3	–16.9	525.4
Netherlands, Belgium & Germany	144.9	125.1	15.8	561.7
Switzerland, Austria & Italy	95.8	95.6	0.2	413.7
Finland, Estonia, Latvia & Lithuania	64.0	52.4	22.1	246.3
France, Spain & Portugal	76.3	44.1	73.0	192.4
Poland, Czech Republic & Hungary	39.9	28.3	41.0	123.4
Total	**717.6**	**656.4**	**9.3**	**2,774.9**

Operating Earnings (EBITA) by Region

SEK M	January–March 2003	2002	Change, %	Full Year 2002
Sweden, Norway & Denmark	38.0	42.1	–9.7	170.6
United Kingdom & Ireland	16.4	32.0	–48.8	115.3
Netherlands, Belgium & Germany	15.9	8.1	96.3	61.4
Switzerland, Austria & Italy	14.4	16.1	–10.6	90.6
Finland, Estonia, Latvia & Lithuania	21.5	16.8	28.0	97.7
France, Spain & Portugal	9.0	3.2	181.3	6.8
Poland, Czech Republic & Hungary	14.5	4.1	253.7	22.1
Central expenses	–25.7	–23.1	—	–83.1
Items affecting comparability	–41.0	0.0	—	–8.5
Total	**63.0**	**99.3**	**–36.6**	**472.9**

** EBITA for service lines and regions is the externally generated EBITA less central marketing expenses.

Central expenses above include expenses divided by service line but not by region.

Business Overview by Quarter, 2002–2003

	Quarter 1 2002	Quarter 2 2002	Quarter 3 2002	Quarter 4 2002	Quarter 1 2003
Revenues (SEK million)	656.4	675.4	692.3	750.8	717.6
Adjusted EBITA (SEK million)	99.3	114.3	124.7	143.1	104.0
Collection cases in stock (million)	7.3	7.7	8.0	8.2	10.0
Gross collection value (SEK billion)	75.3	77.4	78.7	79.9	104.5
Number of employees	2,638	2,648	2,739	2,661	2,865

Intrum Justitia Group—Consolidated Income Statement

SEK M	January–March 2003	2002	Full Year 2002
Revenues	717.6	656.4	2,774.9
Cost of sales	–455.2	–417.1	–1,755.4
Gross earnings	**262.4**	**239.3**	**1,019.5**
Sales and marketing expenses	–67.1	–63.5	–257.3
General and administrative expenses	–91.8	–75.7	–287.8
Goodwill amortization	–30.1	–32.8	–126.7
Items affecting comparability	–41.0	0.0	–8.5
Participations in associated companies	0.5	–0.8	7.0
Operating earnings (EBIT)	**32.9**	**66.5**	**346.2**
Net financial income/expenses	–15.8	–23.3	–107.8
Earnings after financial items	**17.1**	**43.2**	**238.4**
Current and deferred tax on earnings for the period	–11.8	–17.2	–65.4
Minority interests	0.9	0.0	0.3
Net earnings	**6.2**	**26.0**	**173.3**

Data per Share

SEK	January–March 2003	2002	Full Year 2002
Share price at end of period	35.00	—	40.50
Basic and diluted earnings per share	0.07	0.59	2.61
Shareholders’ equity	18.06	13.26	18.10
Denominator for earnings per share, ‘000	84,986	43,936	66,399
Number of shares outstanding at end of period, ‘000	84,986	43,936	84,986

Intrum Justitia Group—Consolidated Balance Sheet

SEK million	31 Mar. 2003	31 Dec. 2002	31 Mar. 2002
ASSETS			
Intangible fixed assets			
Capitalized development expenditure for software and other intangibles	114.0	113.4	89.1
Goodwill	1,779.7	1,791.7	1,749.6
Total intangible fixed assets	1,893.7	1,905.1	1,838.7
Tangible fixed assets	117.6	115.1	113.1
Financial fixed assets			
Financial fixed assets	5.4	5.4	7.2
Purchased debt	295.7	313.3	233.8
Deferred tax receivable	92.2	93.1	59.5
Other long-term receivables	13.4	18.1	29.7
Total financial fixed assets	**406.7**	**429.9**	**330.2**
Total fixed assets	**2,418.0**	**2,450.1**	**2,282.0**
Current assets			
Accounts receivable	380.2	371.8	253.4
Purchased receivables	40.7	43.0	28.8
Client funds received	383.7	404.2	280.9
Other receivables	295.9	287.6	265.1
Prepaid expenses and accrued revenue	48.4	57.2	69.4
Cash and cash equivalents	147.8	123.4	118.0
Total current assets	**1,296.7**	**1,287.2**	**1,015.6**
TOTAL ASSETS	**3,714.7**	**3,737.3**	**3,297.6**

Intrum Justitia Group—Consolidated Balance Sheet

SEK M	31 Mar. 2003	31 Dec. 2002	31 Mar. 2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	1.7	1.7	0.9
Restricted reserves	1,378.2	1,408.3	59.2
Non-restricted equity			
Non-restricted reserves	148.5	–45.5	–-64.3
Net earnings	6.2	173.3	26.0
Total equity	**1,534.6**	**1,537.8**	**21.8**
Minority interests	0.0	0.9	1.0
Provisions			
Provisions for pensions	18.1	19.5	24.5
Provisions for deferred tax liability	21.2	20.5	16.1
Other provisions	42.6	2.1	21.2
Total provisions	81.9	42.1	61.8
Long-term liabilities			
Liabilities to credit institutions	696.4	621.8	765.2
Other long-term liabilities	30.3	29.7	17.2
Total long-term liabilities	726.7	651.5	782.4
Current liabilities			
Liabilities to credit institutions	229.7	285.0	423.0
Shareholders' mezzanine loan incl. accrued interest	—	—	533.3
Convertible subordinated debenture	—	—	507.4
Client funds payable	383.7	404.2	280.9
Accounts payable	173.1	184.7	147.0
Income tax liabilities	33.6	52.9	61.1
Advances from customers	41.5	44.7	54.6
Other current liabilities	179.3	211.0	99.5
Accrued expenses and prepaid income	330.6	322.5	323.8
Total current liabilities	1,371.5	1,505.0	2,430.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,714.7**	**3,737.3**	**3,297.6**
Pledged assets	1,489.3	1,506.0	1,908.3
Contingent liabilities	1,079.8	2,351.4	2,008.7

In combination with other services sold in Switzerland, the company has issued guarantees for credit card debts of SEK 1,052.0 M (1,944.1). The company's main risk relates to that portion of the credit card debt that is more than 30 days overdue, which amounted to SEK 193.2 M (143.1). The company has accounted accrued expenses for its expected losses according to calculations based on historical experience and future expectations.

On May 22, 2002, Tore Nuland filed a summons application at Nacka District Court against Intrum Justitia AB inter alia. The application relates to claims tried by Norwegian courts in the late 1980s without any possibility for further appeal. Intrum Justitia regards the claims as groundless and accordingly has not accounted any contingent liability.

Intrum Justitia Group—Cash Flow Statement

SEK M	January–March 2003	January–March 2002	Full Year 2002
Cash flow from operating activities			
Operating earnings	32.9	66.5	346.2
Depreciation and amortization	52.2	51.9	214.4
Adjustment for items not included in cash flow	39.6	–7.6	–24.9
Interest received	1.6	1.8	8.8
Interest paid and other financial expenses	–14.1	–17.1	–102.3
Income tax paid	–29.6	–19.0	–63.2
Cash flow from operating activities before change in working capital	**82.6**	**76.5**	**379.0**
Change in working capital	–14.9	–14.9	-45.9
Cash flow from operating activities	**67.7**	**61.6**	**333.1**
Investment activity			
Purchases of tangible fixed assets	–12.3	–10.6	–53.8
Purchases of intangible fixed assets	–9.2	–5.5	–58.4
Purchases of debt	–33.5	–41.3	–257.6
Amortization of purchased debt	52.9	26.2	161.2
Purchase of subsidiaries	–65.1	0.0	–88.6
Acquired cash from purchased operations	6.0	0.0	0.7
Other cash flow from investment activities	–1.9	9.9	14.1
Cash flow from investment activities	**–63.1**	**–21.3**	**–282.4**
Cash flow from financing activities	**23.7**	**-64.4**	**-67.2**
Change in liquid assets	**28.3**	**-24.1**	**-16.5**
Opening balance of liquid assets	**123.4**	**146.2**	**146.2**
Exchange rate difference, liquid assets	–3.9	–4.1	–6.3
Closing balance of liquid assets	**147.8**	**118.0**	**123.4**

Consolidated Statement of Changes in Shareholders' Equity

SEK M	No. of Shares Outstanding	Share Capital	Restricted Reserves	Non-restricted Reserves	Net Earnings	Total Sh'h'ld's' Equity
Opening balance, 1 January 2003	84,985,604	1.7	1,408.3	–45.5	173.3	1,537.8
Appropriation of previous year's earnings				173.3	–173.3	0.0
Transfer between restricted and non-restricted reserve			–30.1	30.1		0.0
Currency translation differences				–9.4		–9.4
Net earnings					6.2	6.2
Closing balance, 31 March 2003	84,985,604	1.7	1,378.2	148.5	6.2	1,534.6

Intrum Justitia Group—Additional Data

Key figures	January–-March 2003	2002	Full Year 2002
Adjusted EBITDA margin, %	17.6	18.0	20.5
Adjusted EBITA margin, %	14.5	15.1	17.3
Adjusted operating margin, %	10.3	10.1	12.8
Operating margin, %	4.6	10.1	12.5
Return on capital employed (excluding goodwill amortization), %	10.3	17.3	19.7
Return on average operational capital (excluding goodwill amortization), %	10.7	18.3	20.5
Return on equity (including convertible subordinated debenture), %	1.6	19.7	16.8
Net debt, SEK million	809	1,087	813
Net debt/equity, %	52.7	102.3	52.9
Shareholders' equity including subordinated shareholders' loan and convertible subordinated debenture/assets, %	41.3	32.2	41.1
Equity/assets ratio, %	41.3	0.7	41.1
Interest coverage ratio, multiple	2.0	2.7	3.0
Collection cases in stock, million	10.0	7.3	8.2
Total collection value, SEK billion	104.5	75.3	79.9
Average no. of employees	2,865	2,638	2,661

Definitions

Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization adjusted for items affecting comparability.

Adjusted EBITDA margin is adjusted EBITDA divided by revenues.

Adjusted EBITA is earnings before interest, taxes and amortization, adjusted for items affecting comparability.

Adjusted EBITA margin is adjusted EBITA divided by revenues.

Adjusted operating margin is operating earnings adjusted for items affecting comparability, divided by revenues.

Operating margin is operating earnings divided by revenues.

Return on capital employed is earnings after financial items plus interest expenses and similar items, divided by average capital employed. Capital employed is calculated as the total of shareholders' equity, minority interests, provisions for pensions and similar commitments, and interest-bearing liabilities. Operational capital is calculated as the total of shareholders' equity, minority interests, provisions for pensions and similar commitments, and interest-bearing liabilities minus cash and cash equivalents.

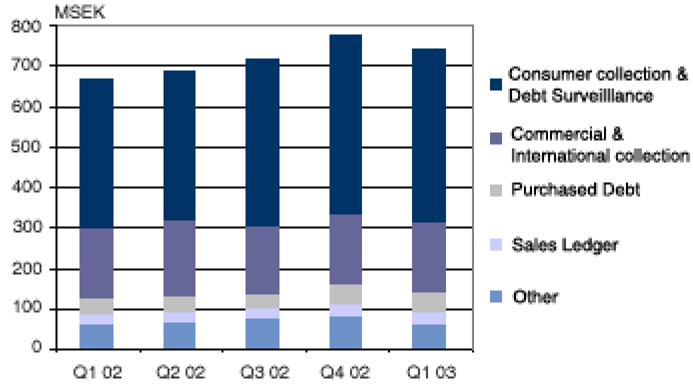
Return on equity is net earnings divided by average shareholders' equity.

Net debt is interest-bearing loans (the total of long-term liabilities and current liabilities to credit institutions), excluding shareholders' loans and convertible subordinated debentures, less cash and cash equivalents.

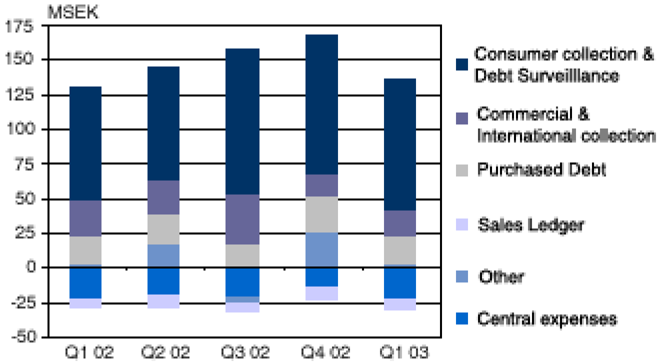
Equity/assets ratio is shareholders' equity divided by total assets

The interest coverage ratio is earnings after financial items plus interest expenses etc., as a percentage of interest expenses, etc.

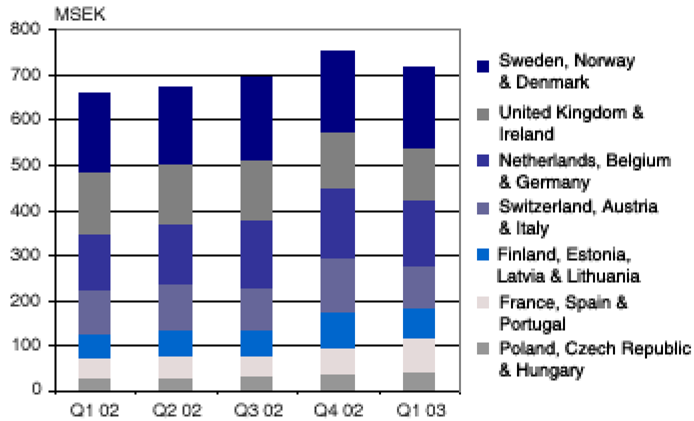
Revenues by service line



Adjusted EBITA by service line



Revenues by region



Adjusted EBITA by region