

# **Interim report January-June 2018**

# Interim report

## January-June 2018

### Second quarter 2018

- Consolidated net revenues for the second quarter of 2018 increased to SEK 3,630 M (1,796). Pro forma for the second quarter of 2017, net sales were SEK 3,204 M.
- Operating earnings improved to SEK 1,240 M (476). Pro forma for the second quarter of 2017, operating earnings were SEK 865 M.
- The operating earnings of SEK 1,240 M include non-recurring items of SEK –173 M (pro forma in the preceding year –192), items affecting comparability of SEK 218 M (pro forma in the preceding year, 0) and revaluations of SEK –1 M (pro forma in the preceding year 64). Accordingly, operating earnings excluding non-recurring items, items affecting comparability and revaluations increased to SEK 1,196 M (pro forma in the preceding year 993).
- Net earnings for the quarter amounted to SEK 701 M (98) and earnings per share were SEK 5.33 (1.32).
- Cash flow from operating activities increased to SEK 1,679 M (703).
- The carrying amount for portfolio investments has risen by 7 percent since the end of the preceding quarter. Portfolio investments for the quarter amounted to SEK 2,385 M (pro forma in the preceding year 1,287). The return on portfolio investments was 15 percent (pro forma in the preceding year, 17 percent).
- In Credit Management, revenue growth on a pro forma basis was 16 percent (6 percent excluding items affecting comparability), and the operating margin increased to 34 percent (28 percent excluding non-recurring items and items affecting comparability).

#### **Pro forma**

*The merger with Lindorff was implemented on June 27, 2017. Accordingly, Lindorff has been included in the consolidated income statement and balance sheet since the second quarter of 2017. Where comparative figures are referred to as "pro forma", this mean that they are reported with Lindorff consolidated as of January 1, 2016. In connection with the merger, Intrum Justitia undertook to divest its Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. These subsidiaries were divested in the second quarter of 2018, and are therefore reported as discontinued operations.*

### Second quarter

**20%**

Quarterly change in EBIT excluding non-recurring items, items affecting comparability and revaluations

**7%**

Quarterly change in book value of portfolio investments

**15%**

Quarterly return on portfolio investments

**28%**

Operating margin for the quarter, excluding non-recurring items and items affecting comparability, for Credit Management

**SEK 2.4 billion**

Investments in portfolios for the quarter

<b>SEK M</b> unless otherwise indicated	<b>April-June 2018</b>	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	<b>Full-year 2017</b>	Pro forma Full-year 2017
Revenues	<b>3,630</b>	1,796	3,204	13	6,745	3,347	6,132	10	<b>9,433</b>	12,219
Thereof revenues in Euro (%)	<b>64</b>	49	63		61	50	61		<b>56</b>	59
Cash EBITDA	<b>2,596</b>	995	1,843	41	4,544	2,006	3,579	27	<b>5,953</b>	7,526
EBITDA	<b>1,593</b>	518	1,088	46	2,667	1,027	2,093	27	<b>3,165</b>	4,231
EBIT	<b>1,240</b>	476	865	43	2,137	944	1,706	25	<b>2,728</b>	3,489
Thereof EBIT in Euro (%)	<b>66</b>	34	50		61	41	54		<b>52</b>	57
Non-recurring items (NRI's) in EBIT	<b>-173</b>	-163	-192		-262	-180	-282		<b>-397</b>	-499
Non-recurring items (NRI's) in net financial items	<b>0</b>	-316	-316		0	-316	-316		<b>-316</b>	-316
Items affecting comparability	<b>218</b>	0	0		218	0	0		<b>25</b>	25
Amortization on client relationships	<b>-288</b>	-7	n/a		-378	-13	n/a		<b>-209</b>	-362
Revaluations of portfolio investments	<b>-1</b>	41	64		12	40	105	0	<b>-3</b>	63
Cash EBITDA excl NRI's	<b>2,769</b>	1,158	2,035	36	4,806	2,186	3,861	24	<b>6,350</b>	8,025
EBITDA excl NRI's	<b>1,766</b>	681	1,280	38	2,929	1,207	2,375	23	<b>3,562</b>	4,730
EBIT excl NRI's	<b>1,413</b>	639	1,057	34	2,399	1,124	1,988	21	<b>3,125</b>	3,988
EBIT excl NRI's, items affecting comparability and revaluations	<b>1,196</b>	598	993	20	2,169	1,084	1,883	15	<b>3,103</b>	3,900
Net earnings	<b>701</b>	98	-17		1,065	445	261		<b>1,503</b>	1,318
CMS growth, %	<b>16</b>	18	n/a		9	16	n/a		<b>63</b>	16
CMS service line margin excl NRI's, %	<b>34</b>	26	30		30	25	29		<b>26</b>	28
Estimated remaining collections, ERC	<b>49,313</b>	40,006	40,006	23	49,313	40,006	40,006	23	<b>44,603</b>	44,603
Portfolio investments	<b>2,385</b>	835	1,287	85	3,758	3,209	3,809	-1	<b>7,170</b>	7,804
Book value portfolio investments	<b>24,244</b>	18,748	18,748	29	24,244	18,748	18,748	29	<b>21,149</b>	21,149
Return on portfolio investments excl NRI's, %	<b>15</b>	20	17		15	19	17		<b>16</b>	16
Net Debt/Pro forma Cash EBITDA excl NRI's	<b>3.9</b>	3.9	n/a		3.9	3.9	n/a		<b>4.1</b>	n/a

# Comment by President and CEO Mikael Ericson

I am very pleased with the result of the second quarter of 2018. We have been making good and continued progress since the start of the year, hence there are encouraging signs that we are beginning to build momentum. This is clearly seen in the strong underlying EBIT which is up 20% compared to the first quarter.

The Portfolio Investments half of the business continues to deliver sustainable growth with a high investment level of SEK 2,4bn. At the same time, and more importantly, we have been able to maintain a healthy level of returns (ROI at 15 percent) by focusing on pricing discipline and sustained high level of collection performance. We are also making progress in the CMS area as synergy benefits and production efficiency activities start to take effect. Underlying revenues are up 2 percent compared to Q1 and margins reached 28 percent from 25 percent in Q1 2018. We are conscious of remaining challenges, particularly in Spain where the top line remains under pressure and where we will continue to take action on costs to protect margins if necessary.

The post-merger integration of our operations is progressing well and the relocation of activities, closure of sites and reductions of FTEs is approaching the final phase in all countries. We have now reached an annualized synergy run-rate of SEK 380M and we will deliver the full synergy benefit on time and according to previously communicated costs.

The second half of 2018 will undoubtedly be a period of intense activity in the European purchased debt market with a number of large transactions underpinning generally high levels of supply. Given our strong cash flow and solid funding position we are remaining confident in our ability to continue to source attractive deals at good returns. Those will support both our longer term growth and deleveraging objectives. The finalization of details of our strategic partnership with Banca Intesa Sanpaolo is also proceeding as planned and the portfolio is performing well in line with our business case. The close cooperation between the two companies has been highly productive and we anticipate closing in Q4 as earlier communicated.

After the end of the quarter our first acquisition in Brazil was realized, which will enable us to explore and familiarize ourselves with the market.

In late May we published our yearly European Payment Report, which showed among other things that a prospering economy shrinks bad debt losses among European companies. This yearly report, closely monitoring fair payment terms, is one of many important efforts we make to promote what we call a sound economy.

We anticipate a busy remainder of the year. It is a very active market and we have a strong pipeline for portfolio investments and good opportunities in CMS. Hence, we are confident of being able to continue to take advantage of our competitive strengths, broad and deep footprint, and further improve our fundamental collection performance demonstrating steady progress towards our 2020 goals.

# Group

SEK M unless otherwise indicated	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Full-year 2017	Pro forma Full-year 2017
Revenues	3,630	1,796	3,204	13	6,745	3,347	6,132	10	9,433	12,219
EBIT	1,240	476	865	43	2,137	944	1,706	25	2,728	3,489
Cash EBITDA excl NRI's	2,769	1,158	2,035	36	4,806	2,186	3,861	24	6,350	8,025
EBITDA excl NRI's	1,766	681	1,280	38	2,929	1,207	2,375	23	3,562	4,730
EBIT excl NRI's	1,413	639	1,057	34	2,399	1,124	1,988	21	3,125	3,988
Net financial items	-344	-358	-883	-61	-667	-404	-1,373	-51	-404	-1,942
Tax	-194	-21	-59		-320	-105	-183		-105	-467
Net earnings	701	98	-17		1,065	445	261		445	1,318

## Revenues and operating earnings

Consolidated net revenues for the second quarter increased to SEK 3,630 M (1,796). Pro forma for the second quarter of 2017, net sales were SEK 3,204 M. Consolidated operating earnings for the second quarter improved to SEK 1,240 M (476). The increase in revenues and operating earnings is primarily attributable to the merger with Lindorff. Pro forma for the second quarter of 2017, operating earnings were SEK 865 M. The operating earnings of SEK 1,240 M include non-recurring items of SEK -173 M (pro forma in the preceding year, -192), items affecting comparability of SEK 218 M (pro forma in the preceding year, 0) and revaluations of SEK -1 M (pro forma in the preceding year, 64). Accordingly, operating earnings excluding non-recurring items, items affecting comparability and revaluations increased to SEK 1,196 M (pro forma in the preceding year, 993).

The outcome in the Group's regions and service lines is accounted for in greater detail below.

## Net financial items

Net financial items for the quarter amounted to SEK -344 M (-358). Net interest for the quarter amounted to SEK -289 M (-30). Exchange rate differences are included in net financial items in the amount of SEK -5 M (0), and other financial items are included by SEK -50 M (-328). Other financial items during the second quarter of the preceding year included non-recurring costs of SEK 316 M in connection with the Group's refinancing. Net interest and other financial items have been adversely affected by increased borrowing to finance the merger with Lindorff.

## Taxes

Earnings for the quarter were charged with tax of 22 percent. Further information regarding an assessment of future tax expenses is provided in the section 'Taxation assessments'.

## Cash flow and investments

SEK M unless otherwise indicated	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full-year 2017
Cash flow from operating activities	1,679	703	3,127	1,398	4,535
Cash flow from investing activities	-2,865	-313	2,765	-2,465	-7,547
Total cash flow from operating and investing activities	-1,186	390	5,892	-1,067	-3,012
Cash flow from investing activities excl liquid assets in acquired subsidiaries	-2,865	-1,278	3,165	-3,439	-8,585
Total cash flow from operating and investing activities excl liquid assets in acquired subsidiaries	-1,186	-575	6,292	-2,041	-4,050

Over the second quarter, cash flow from operating activities increased to SEK 1,679 M (703). The increase is attributable to increased cash flow deriving from the merger with Lindorff.

## Financing

SEK M unless otherwise indicated	30 Jun 2018	30 Jun 2017	Change %
Net Debt	35,265	34,254	3
Net Debt/Pro forma Cash EBITDA excl NRI's	3.9	3.9	
Shareholders' equity	23,150	21,198	9
Cash and cash equivalents	968	1,335	-27

Consolidated net debt has decreased by approximately SEK 2 billion since the start of the year. The proceeds have been received from the sale of Intrum Justitia's former subsidiary in Norway and Lindorff's former subsidiaries in Sweden, Denmark, Finland and Estonia, with the sale transaction being completed on March 20, 2018, while, on the other hand, disbursements have been made for the year's share dividend and investments in portfolios and joint ventures.

Net debt in relation to pro forma rolling 12-month adjusted cash EBITDA amounted to 3.9 at the end of the quarter. This ratio is calculated by placing current consolidated net debt at the end of the quarter in relation to pro forma cash EBITDA, including operations being phased out and including a calculated cash EBITDA throughout the period for larger units acquired during the period, and excluding non-recurring items (NRIs). Net debt in relation to pro forma rolling 12-month adjusted cash EBITDA increased by approximately 0.1 in the second quarter.

At the end of June, Intrum issued a two-year, non-covered bond of SEK 1 billion, at STIBOR 3m +190 basis points. The bonds have been issued within the existing Swedish MTN program, with a settlement date in July, and will be listed on Nasdaq Stockholm. The funds will be used in the company's ongoing operations.

The merger with Lindorff was implemented on June 27, 2017 through a non-cash issue, whereby Intrum Justitia AB issued 59,193,594 new Intrum shares in exchange for all shares in Lock TopCo AS, the parent company of the Lindorff group. Accordingly, there were 131,541,320 shares in Intrum outstanding in the latter part of 2017. Over the second quarter of 2018, 250,000 shares were repurchased for SEK 56 M. Accordingly, the average number of shares outstanding in the second quarter of 2018 was 131,491,591 whereas the average number of shares outstanding in the second quarter of 2017 was 74,299,163.

## Goodwill

On June 30, 2018, consolidated goodwill amounted to SEK 31,783 M, compared with SEK 29,565 M on December 31, 2017. Of the increase, SEK 169 M is attributable to the adjustment of the acquisition analysis from the merger with Lindorff, SEK 8 M to new acquisitions during the six-month period and SEK 2,041 M to exchange rate differences.

# Regions

## Northern Europe

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues excluding revaluations	1,020	983	4	0	1,935	1,910	1	-3	3,827
EBIT excluding revaluations and NRI's	400	380	5	1	688	678	1	-1	1,402
EBIT margin excluding revaluations and NRI's, %	39	39			36	35			37

On a pro forma basis, revenues and operating earnings were marginally ahead of last year after adjusted for currency effects. The improvement in earnings is primarily attributable to organic growth in Credit Management.

## Central and Eastern Europe

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues excluding revaluations	903	836	8	4	1,759	1,610	9	5	3,233
EBIT excluding revaluations and NRI's	361	322	12	6	660	587	12	8	1,117
EBIT margin excluding revaluations and NRI's, %	40	39			38	36			35

On a pro forma basis, both service lines have continued their strong momentum, supporting growth in revenues and earnings. Earnings were underpinned by an increased portfolio value and margin improvements from operational excellence. High investment levels in the quarter are driven mainly by major portfolio acquisitions in Greece and Hungary.

## Western and Southern Europe

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues excluding revaluations	745	613	22	16	1,433	1,135	26	21	2,391
EBIT excluding revaluations and NRI's	186	97	91	86	372	200	86	81	522
EBIT margin excluding revaluations and NRI's, %	25	16			26	18			22

On a pro forma basis, growth was supported by an expanded investment portfolio supported by strong collection performance throughout the region and a step up provided by the acquisition of Italian company CAF in the fourth quarter of 2017, increasing both revenues and earnings. Intrum's strategic partnership with Banca Intesa Sanpaolo will not affect earnings until the completion of the transaction. Intrum's payments to the joint venture company, primarily regarding a pre-payment for the portfolio, are reported in the balance sheet and cash flow statement, while all costs for external funding of the transaction are capitalized to be paid later by the joint venture company. Pure transaction costs for the acquisition are included in common costs as an item affecting comparability (NRI).

## Spain

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues excluding revaluations	963	708	36	31	1,606	1,372	17	12	2,705
EBIT excluding revaluations and NRI's	467	195	139	136	667	418	60	54	883
EBIT margin excluding revaluations and NRI's, %	48	28			42	30			33

On a pro forma basis, earnings were affected by the net effect of a large positive item affecting comparability of SEK 401 M due to the one-off compensation payment from the early termination of a major client contract and SEK –183 M for impairment write-down of client relationships for a client contract with Sabadell. Excluding these items affecting comparability, underlying operating earnings are up by 28 percent. The strong growth in operating earnings, excluding items affecting comparability, against a relatively weak comparison period, temporarily obscures the underlying maturing of several acquired client contracts. At the same time, earnings were affected positively by the growth in the investment portfolio and the effects of the restructuring announced in the first quarter.

The positive items affecting comparability of SEK 401 M provides compensation for lost future revenues and therefore has a long-term financially neutral effect for the Group. The negative item affecting comparability of SEK –183 M pertains to the impairment of an acquired client contract, where the reported value is no longer supported by expected future cash flows. The contract contains significantly poorer contractual protection for the Group than other client contracts acquired in Spain.

## Service lines

### Credit Management

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues	2,651	2,292	16	11	4,860	4,445	9	6	8,852
Service line earnings excl NRI's	905	684	32	29	1,453	1,269	14	11	2,475
Service line margin excl NRI's, %	34	30			30	29			28

Growth in revenues and earnings on a pro forma basis is affected positively by the net effect of major positive and negative items affecting comparability in Spain. Excluding currency effects, underlying revenues increased marginally, and service line earnings declined marginally. Most of the units are developing well, with improved collection performance and cost efficiency supporting revenue growth, while the decline in underlying volumes in Spain reduces the overall growth rate. The service line margin for the quarter, excluding non-recurring items (NRIs) and items affecting comparability, is 28 percent, which is 3 percentage points higher than in the first quarter, although still slightly down year on year. Integration synergy benefits from the Merger with Lindorff and operational effectiveness activities are beginning to contribute and are expected to continue to increase going forward. External organic growth in Credit Management was –1 percent.

### Financial Services

SEK M	April-June 2018	Pro forma April-June 2017	Pro forma Change %	Fx adj %	Jan-June 2018	Pro forma Jan-June 2017	Pro forma Change %	Fx adj %	Pro forma Full Year 2017
Revenues	1,588	1,462	9	4	3,096	2,742	13	9	5,506
Service line earnings excl NRI's	882	755	17	12	1,709	1,451	18	14	2,946
Service line margin excl NRI's, %	56	52			55	53			54
Estimated remaining collections	49,313	40,006	23		49,313	40,006	23		44,603
Portfolio investments	2,385	1,287	85		3,758	3,809	-1		7,170
PI book value	24,244	18,748	29		24,244	18,748	29		21,149
Return on portfolio investments, %	15	17			15	17			16

The increase in operating earnings on a pro forma basis is primarily attributable to the greater portfolio value.

On a pro forma basis, continued momentum in portfolio investments, combined with price discipline and strong collection performance, drives another strong quarter of financial



development for portfolio investments. Service line earnings increased by 12 percent excluding currency effects and by 23 percent excluding revaluations and currency effects. The carrying amount for portfolio investments has increased a further 7 percent since the end of the first quarter and is up 29 percent year-on-year. The relatively high level of investment for the quarter is explained by major acquisitions in Greece and Hungary, but also by a diverse range of medium-sized deals in both mature and fast growing markets. The return on portfolio investments was 15 percent. The large portfolios in Greece and Hungary added at the end of the quarter have not yet contributed any earnings but are included in the book value at the end of the quarter, thereby temporarily marginally lowering the return.

### **Common costs**

Common costs decreased by SEK 15 M compared with the preceding quarter, as the benefits of integration synergies come through and the overhead activity levels normalize as anticipated.

## **Taxation assessments**

Intrum Justitia's assessment is that the tax expense will, over the next few years, be around 20-25 percent of earnings before tax for each year, excluding the outcome of any tax disputes.

## **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 88 M (48) for the six-month period and earnings before tax of SEK 2,382 M (-849). During the first half of the year, the Parent Company invested SEK 7 M (0) in fixed assets and held cash and cash equivalents of SEK 68 M (321) at the end of the first half of the year. The average number of employees was 72 (55).

## **Transactions with related parties**

During the quarter, there have been no significant transactions between Intrum and other closely related companies, boards or Group management teams.

## **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 Group applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. For reasons of competition, the Group was obliged to divest Intrum Justitia's subsidiaries in Norway and Lindorff's subsidiaries in Sweden, Finland, Denmark and Estonia within a certain period following the merger with Lindorff. In accordance with IFRS 5, net earnings after tax in these companies is reported on a separate line in the consolidated income statement, Earnings for the period from discontinued operations after tax. The comparative figures for previous periods are recalculated accordingly. Assets and liabilities are reported on separate lines in the consolidated balance sheet, Assets and liabilities in operations held for sale, effective from the date on which the Group undertook to sell the companies. In accordance with IFRS 5, the comparative figures in the balance sheets are not recalculated for prior periods.

Effective from January 1, 2018, the Group applies IFRS 9 Financial Instruments. The Group's accounting principles have thus changed with regard to portfolio investments, such that the Group's previous limitation that these could never be revalued to a higher value than their cost has been removed. The effect is an increase in the carrying amount as of January 1, 2018 of SEK 53 M and an increase in equity of SEK 50 M. In accordance with the exception stated in IFRS 9, comparison figures for earlier periods have not been recalculated. In connection with the introduction of IFRS 9, IAS 1 Presentation of Financial Statements has also been adjusted, with the effect that income from portfolio investments according to the effective interest rate method, and positive and negative revaluations are now reported on separate lines in the consolidated income statement.

Effective from January 1, 2018, IFRS 15 Revenue from Contracts with Customers is also applied. However, the introduction of IFRS 15 has not had a material impact on the Group's earnings or financial position. Group revenues are according to the disclosure requirements in IFRS 15 disaggregated into categories. Intrum reports revenues by region, service line and revenue type under the heading 'Operating segments'.

The Group is preparing for the introduction of IFRS 16 Leases, which will come into effect in 2019. See also Note 1 in the 2017 Annual Report.

## **Significant risks and uncertainties**

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, 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 purchased debt and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2017 Annual Report. No significant risks are considered to have arisen besides those described in the annual report.

## **Merger with Lindorff**

On June 27, 2017, the merger between Intrum Justitia and Lindorff was completed and Lock TopCo AS (parent company in the Lindorff Group) with all subsidiaries has, since then, been owned by Intrum Justitia AB (publ). The sale of Lindorff's operations in Denmark, Estonia, Finland and Sweden, and Intrum's operations in Norway, which was a condition for the European Commission's approval of the transaction, was completed on March 20, 2018.

The merger was effectuated through a non-cash issue whereby Intrum AB issued 59,193,594 new Intrum shares, with a total market value of SEK 17,332 M, in exchange for all shares in Lock TopCo AS.

The preliminary acquisition analysis prepared by Intrum in connection with the merger has been adjusted to the following final acquisition analysis. A change from the preliminary acquisition analysis previously prepared is that contingent liabilities regarding some of Lindorff's litigation and tax disputes, that were ongoing as per the transaction date, are reported as short-term provisions in the final acquisition analysis.

(SEK M)	Carrying value before acquisition	Preliminary PPA from June 2017		Final PPA in June 2018	
		Fair value adjustments	Fair value	Fair value adjustments	Fair value
Intangible assets	19,001	-15,248	3,753	-16,072	2,929
Database with credit information	0			261	261
Tangible assets	138		138		138
Portfolio investments	7,826		7,826	-34	7,792
Other fixed assets	508	334	842	489	997
Current assets	1,778		1,778	89	1,867
Cash and bank	684		684		684
Assets held for sale	5,184		5,184		5,184
Long-term liabilities	-22,940	-1,392	-24,332	-1,408	-24,348
Short-term liabilities and provisions	-2,047		-2,047	-155	-2,202
Liabilities in operation held for sale	-3,091		-3,091		-3,091
<b>Net assets</b>	<b>7,041</b>	<b>-16,306</b>	<b>-9,265</b>	<b>-16,830</b>	<b>-9,789</b>
Acquisition value			17,332		17,332
Goodwill			26,597		27,121
Thereof in assets held for sale			4,255		1,826
Thereof in continuing operation			22,342		25,295

## Partnership with Banca Intesa Sanpaolo

In accordance with the description given in the interim report for the first quarter, Intrum signed a partnership agreement with the Italian bank Banca Intesa Sanpaolo in April, contributing a collection department with a labor force of 600 and a portfolio of overdue receivables that will be held alongside other investors. Intrum's net investment is calculated at EUR 670 M.

The transaction is conditional on the approval of the authorities and is expected to take place in November. It will comprise a significant contribution to Intrum's planned portfolio investments and acquisition strategy for 2018, supporting the Group's ambitions for profitable growth.

In the second quarter, Intrum made a contribution to the jointly owned company to be used, among other things, as advance payment for the portfolio investment. In the balance sheet, SEK 1,726 M is reported as participations in joint ventures.

## Events after the end of the period

In July, a majority shareholding of 51 percent was acquired in the Brazilian credit management company iPlatform for a purchase consideration of USD 3.6 M. The company will be renamed Intrum.

## **Presentation of the interim report**

The interim report and presentation material are available at [www.intrum.com/Investor relations](http://www.intrum.com/Investor%20relations). President & CEO Mikael Ericson and Acting CFO Thomas Moss will comment on the report at a teleconference on July 24, starting at 9:00 CET. The presentation can also be followed at [www.intrum.com](http://www.intrum.com) and/or [www.financialhearings.com](http://www.financialhearings.com). To participate by phone, call +46 8 506 395 49 (SE), +44 20 300 898 17 (UK), 04 +1-855-831-5947 (US).

## **For further information, please contact**

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Thomas Moss is the contact under the EU Market Abuse Regulation.

The information in this six-month 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 July 24, 2018 at 7.00 a.m. CET.

## **Financial calendar 2018**

October 26, 2018, Interim report for the third quarter

January 30, 2019, Year-end report 2018

The interim report and other financial information are available at Intrum Justitia's website: [www.intrum.com](http://www.intrum.com)

Denna delårsrapport finns även på svenska.

The Board of Directors and the President provide their assurance that this six-month report provides an accurate overview of the operations, position and earnings of the Company and the Group, and that it also describes the principal risks and sources of uncertainty faced by the Company and its subsidiaries.

Stockholm, July 24, 2018

**Per E. Larsson**

Chairman of the Board

**Magnus Yngen**

Deputy Chairman of the Board

**Hans Larsson**

Board member

**Kristoffer Melinder**

Board member

**Andreas Näsvik**

Board member

**Magdalena Persson**

Board member

**Synnöve Trygg**

Board member

**Fredrik Trägårdh**

Board member

**Ragnhild Wiborg**

Board member

**Mikael Ericson**

President and CEO

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

## About the Intrum Group

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 more than 8,000 dedicated and empathetic professionals who serve some 80,000 companies across Europe. In 2017, the company generated pro forma revenues of SEK 12.2 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)

# FINANCIAL REPORTS

## CONSOLIDATED INCOME STATEMENT

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Full Year 2017
Revenues from clients	2,091	843	1,773	3,735	1,648	3,441	6,834
Revenue on Portfolio investments calculated using the effective interest method	1,540	912	1,368	2,998	1,659	2,586	5,322
Positive revaluations of Portfolio investments	216	78	100	261	133	198	398
Negative revaluations of Portfolio investments	-217	-37	-37	-249	-93	-93	-335
<b>Total revenue</b>	<b>3,630</b>	<b>1,796</b>	<b>3,204</b>	<b>6,745</b>	<b>3,347</b>	<b>6,132</b>	<b>12,219</b>
Cost of sales	-1,898	-889	-1,680	-3,616	-1,727	-3,260	-6,583
<b>Gross earnings</b>	<b>1,732</b>	<b>907</b>	<b>1,524</b>	<b>3,129</b>	<b>1,620</b>	<b>2,872</b>	<b>5,636</b>
Sales, marketing and administrative expenses	-492	-430	-658	-992	-674	-1,164	-2,157
Participation in associated companies and joint ventures	0	-1	-1	0	-2	-2	10
<b>Operating earnings (EBIT)</b>	<b>1,240</b>	<b>476</b>	<b>865</b>	<b>2,137</b>	<b>944</b>	<b>1,706</b>	<b>3,489</b>
Net financial items	-344	-358	-883	-667	-404	-1,373	-1,942
<b>Earnings before tax</b>	<b>896</b>	<b>118</b>	<b>-18</b>	<b>1,470</b>	<b>540</b>	<b>333</b>	<b>1,547</b>
Tax	-194	-21	-59	-320	-105	-183	-467
<b>Net income from continuing operations</b>	<b>702</b>	<b>97</b>	<b>-77</b>	<b>1,150</b>	<b>435</b>	<b>150</b>	<b>1,080</b>
Profit from discontinued operations, net of tax	-1	1	60	-85	10	111	238
<b>Net earnings for the period</b>	<b>701</b>	<b>98</b>	<b>-17</b>	<b>1,065</b>	<b>445</b>	<b>261</b>	<b>1,318</b>
<b>Of which attributable to:</b>							
Parent company's shareholders	701	98	-17	1,065	443	259	1,318
Non-controlling interest	0	0	0	0	2	2	2
<b>Net earnings for the period</b>	<b>701</b>	<b>98</b>	<b>-17</b>	<b>1,065</b>	<b>445</b>	<b>261</b>	<b>1,320</b>
<b>Earnings per share before and after dilution</b>							
Profit from continuing operations	5.34	1.31		8.75	5.90		
Profit from discontinued operations	-0.01	0.01		-0.65	0.14		
<b>Total earnings per share before and after dilution</b>	<b>5.33</b>	<b>1.32</b>		<b>8.10</b>	<b>6.04</b>		

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017
Net income for the period	701	98	1,065	445
Other comprehensive income, items that will be reclassified to profit and loss:				
Currency translation difference	123	27	902	27
Other comprehensive income, items that will not be reclassified to profit and loss:				
Remeasurement of pension liability	0	0	0	0
<b>Comprehensive income for the period</b>	<b>824</b>	<b>125</b>	<b>1,967</b>	<b>472</b>
<b>Of which attributable to:</b>				
Parent company's shareholders	824	125	1,967	470
Non-controlling interest	0	0	0	2
<b>Comprehensive income for the period</b>	<b>824</b>	<b>125</b>	<b>1,967</b>	<b>472</b>

# CONSOLIDATED BALANCE SHEET

SEK M	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Intangible fixed assets</b>			
Goodwill	31,783	25,453	29,565
Capitalized expenditure for IT development and other intangibles	449	1,263	422
Client relationships	1,867	2,495	2,703
<b>Total intangible fixed assets</b>	<b>34,099</b>	<b>29,211</b>	<b>32,690</b>
<b>Tangible fixed assets</b>	<b>252</b>	<b>249</b>	<b>245</b>
<b>Other fixed assets</b>			
Shares in joint ventures	1,726	20	0
Other shares and participations	4	2	3
Portfolio investments	24,244	18,748	21,149
Deferred tax assets	722	835	692
Other long-term receivables	41	48	36
<b>Total other fixed assets</b>	<b>26,737</b>	<b>19,653</b>	<b>21,880</b>
<b>Total fixed assets</b>	<b>61,088</b>	<b>49,113</b>	<b>54,815</b>
<b>Current Assets</b>			
Accounts receivable	778	586	755
Inventory of real estate for sale	132	6	93
Client funds	873	865	902
Tax assets	394	250	347
Other receivables	1,391	875	931
Prepaid expenses and accrued income	502	665	737
Cash and cash equivalents	968	1,335	881
<b>Total current assets</b>	<b>5,038</b>	<b>4,582</b>	<b>4,646</b>
<b>Non-current assets of disposal group held for sale</b>	<b>0</b>	<b>10,069</b>	<b>8,314</b>
<b>TOTAL ASSETS</b>	<b>66,126</b>	<b>63,764</b>	<b>67,775</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Attributable to parent company's shareholders	23,147	21,194	22,436
Attributable to non-controlling interest	3	4	3
<b>Total shareholders' equity</b>	<b>23,150</b>	<b>21,198</b>	<b>22,439</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	1,356	1,798	2,703
Bond loans	32,883	32,524	32,052
Other long-term liabilities	404	302	374
Provisions for pensions	193	162	175
Other long-term provisions	11	21	9
Deferred tax liabilities	1,258	1,426	1,206
<b>Total long-term liabilities</b>	<b>36,105</b>	<b>36,233</b>	<b>36,519</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	1	13	0
Medium term note	1,000	0	1,000
Commercial paper	800	1,075	2,269
Client funds payable	873	865	902
Accounts payable	548	501	572
Income tax liabilities	611	252	364
Advances from clients	65	43	64
Dividend declared but not paid	0	651	0
Other current liabilities	1,107	695	541
Accrued expenses and prepaid income	1,753	1,221	1,794
Other short-term provisions	113	91	143
<b>Total current liabilities</b>	<b>6,871</b>	<b>5,407</b>	<b>7,649</b>
<b>Non-current liabilities of disposal group held for sale</b>	<b>0</b>	<b>926</b>	<b>1,168</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>66,126</b>	<b>63,764</b>	<b>67,775</b>

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Most of the Group's financial assets and liabilities (purchased debt, accounts receivable, other receivables, cash and equivalents, liabilities to credit institutions, bonds, commercial papers, accounts payable and other liabilities) are carried in the accounts at amortized cost. For these financial instruments, the carrying amount is assessed to be a good estimate of fair value. The Group also has financial assets and liabilities in the form of currency forward exchange contracts, which are carried in the accounts at fair value in the income statement. They amount to small sums.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK M	2018			2017		
	Attributable to Parent Company's shareholders	Non-controlling interest	Total	Attributable to Parent Company's shareholders	Non-controlling interest	Total
<b>Opening Balance, January 1</b>	22,436	3	22,439	4,043	87	4,130
Change in accounting principles according to IFRS 9	50		50			0
Dividend	-1,250		-1,250	-651		-651
New issue of shares			0	17,332		17,332
Acquired non-controlling interest			0		-85	-85
Repurchase of shares	-56		-56			0
Comprehensive income for the period	1,967	0	1,967	470	2	472
<b>Closing Balance, June 30</b>	<b>23,147</b>	<b>3</b>	<b>23,150</b>	<b>21,194</b>	<b>4</b>	<b>21,198</b>

In addition to appearing in the financial statements, disclosures in accordance with IAS 34.16A also appear in other parts of the interim report.



# CONSOLIDATED CASH FLOW STATEMENT

SEK M	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017
<b>Cash flows from continuing operations</b>				
<b>Operating activities</b>				
Operating earnings (EBIT)	1,240	476	2,137	944
Depreciation/amortization and impairment write-down	353	42	530	83
Amortization/revaluation of purchased debt	1,003	478	1,877	979
Other adjustment for items not included in cash flow	-224	-11	-207	-16
Interest received	13	12	25	16
Interest paid and other financial expenses	-150	-310	-555	-361
Income tax paid	-85	-52	-209	-186
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,150</b>	<b>635</b>	<b>3,598</b>	<b>1,459</b>
Changes in factoring receivables	-50	-15	-70	-45
Other changes in working capital	-421	83	-401	-16
<b>Cash flow from operating activities</b>	<b>1,679</b>	<b>703</b>	<b>3,127</b>	<b>1,398</b>
<b>Investing activities</b>				
Purchases of tangible and intangible fixed assets	-80	-42	-156	-77
Portfolio investments in receivables and inventory of real estate	-1,840	-1,123	-3,241	-3,193
Purchases of shares in subsidiaries and associated companies	-1,663	-112	-1,663	-169
Liquid assets in acquired/divested subsidiaries	0	965	-400	974
Proceeds from divestment of subsidiaries and associated companies	0	0	7,511	0
Other cash flow from investing activities	718	-1	714	0
<b>Cash flow from investing activities</b>	<b>-2,865</b>	<b>-313</b>	<b>2,765</b>	<b>-2,465</b>
<b>Financing activities</b>				
Borrowings and repayment of loans	873	911	-4,534	2,288
Repurchase of shares	-56	0	-56	0
Share dividend to parent company's shareholders	-1,250	0	-1,250	0
<b>Cash flow from financing activities</b>	<b>-433</b>	<b>911</b>	<b>-5,840</b>	<b>2,288</b>
Cash flows from continuing operations	-1,619	1,301	52	1,221
Cash flows from discontinued operations	0	-1	-372	0
<b>Total change in liquid assets</b>	<b>-1,619</b>	<b>1,300</b>	<b>-320</b>	<b>1,221</b>
<b>Opening balance of liquid assets</b>	<b>2,583</b>	<b>318</b>	<b>1,253</b>	<b>396</b>
Exchange rate differences in liquid assets	4	-2	35	
<b>Closing balance of liquid assets</b>	<b>968</b>	<b>1,616</b>	<b>968</b>	<b>1,617</b>
<b>Thereof liquid assets in discontinued operations</b>	<b>0</b>	<b>281</b>	<b>0</b>	<b>281</b>
<b>Discontinued operations</b>				
Cash flow from operating activities	0	-2	13	10
Cash flow from investing activities	0	-2	-589	-5
Cash flow from financing activities	0	3	204	-5
<b>Group total</b>				
Cash flow from operating activities	1,679	701	3,140	1,408
Cash flow from investing activities	-2,865	-315	2,176	-2,470
Cash flow from financing activities	-433	914	-5,636	2,283

# CONSOLIDATED QUARTERLY OVERVIEW

	<b>Quarter 2 2018</b>	Quarter 1 2018	Quarter 4 2017	Quarter 3 2017	Quarter 2 2017	Quarter 1 2017	Quarter 4 2016	Quarter 3 2016
Revenues, SEK M	3,630	3,115	3,101	2,986	1,796	1,551	1,657	1,433
Revenue growth, %	102	101	4	66	26	14	23	7
Cash EBITDA, SEK M	2,596	1,948	1,943	2,005	995	1,011	1,034	934
EBITDA, SEK M	1,593	1,074	1,000	1,139	518	508	592	546
EBIT, SEK M	1,240	897	807	977	476	468	543	506
Non-recurring items (NRI's) in EBIT, SEK M	-173	-89	-157	-60	-163	-17	5	15
Non-recurring items (NRI's) in net financial items, SEK M	0	0	0	0	-316	0	0	0
Revaluations of portfolio investments, SEK M	-1	13	-44	1	41	-1	5	-29
Cash EBITDA excl NRI's, SEK M	2,769	2,037	2,100	2,065	1,158	1,028	1,029	919
EBITDA excl NRI's, SEK M	1,766	1,163	1,157	1,199	681	526	587	531
EBIT excl NRI's, SEK M	1,413	986	967	1,037	639	485	538	491
Net earnings, SEK M	701	364	443	615	98	347	429	375
Earnings per share, SEK	5.33	2.77	3.37	4.68	1.32	4.77	5.90	5.14
EPS growth, %	304	-42	-43	-9	-73	12	57	14
Average number of shares, '000	131,442	131,541	131,541	74,299	74,299	72,348	72,348	72,348
Number of shares outstanding at end of period, '000	131,291	131,541	131,541	131,541	131,541	72,348	72,348	72,348
Net Debt, SEK M	35,265	32,043	37,322	34,290	34,254	8,738	7,260	7,053
SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M								
Credit Management	905	548	610	596	307	257	332	259
Financial Services	882	827	743	752	538	412	393	406
Common costs	-374	-389	-390	-311	-206	-184	-188	-174
Estimated remaining collections (ERC), SEK M	49,313	46,929	44,603	40,179	40,006	21,409	17,645	16,012
Return on portfolio investments, %	15	15	15	15	20	17	22	21
Portfolio investments, SEK M	2,385	1,373	2,784	1,177	835	2,374	1,162	643
Average number of employees	7,886	8,318	7,806	8,349	4,369	4,172	3,993	3,864

# CONSOLIDATED FIVE-YEAR OVERVIEW

	<b>2018</b> <b>April-June</b>	2017 April-June	2016 April-June	2015 April-June	2014 April-June
Revenues, SEK M	3,630	1,796	1,421	1,419	1,247
Revenue growth, %	102	26	0	14	13
Cash EBITDA, SEK M	2,596	995	880	805	721
EBITDA, SEK M	1,593	518	498	468	392
EBIT, SEK M	1,240	476	457	428	356
Non-recurring items (NRI's) in EBIT, SEK M	-173	-163	-10	0	0
Non-recurring items (NRI's) in net financial items, SEK M	0	-316	0	0	0
Revaluations of portfolio investments, SEK M	-1	41	17	45	23
Cash EBITDA excl NRI's, SEK M	2,769	1,158	890	805	721
EBITDA excl NRI's, SEK M	1,766	681	508	468	392
EBIT excl NRI's, SEK M	1,413	639	467	428	356
Net earnings, SEK M	701	98	354	324	252
Earnings per share, SEK	5.33	1.32	4.85	4.38	3.23
EPS growth, %	304	-73	11	36	26
Average number of shares, '000	131,442	74,299	72,348	72,348	76,983
Number of shares outstanding at end of period, '000	131,291	131,541	72,348	72,348	76,600
Net Debt, SEK M	35,265	34,254	6,937	6,234	5,423
SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M					
Credit Management	905	307	264	235	213
Financial Services	882	538	379	372	312
Common costs	-374	-206	-176	-179	-169
Estimated remaining collections (ERC), SEK M	49,313	22,260	15,191	10,945	13,766
Return on portfolio investments, %	15	20	20	24	21
Portfolio investments, SEK M	2,385	835	545	502	529
Average number of employees	7,886	4,369	3,832	3,771	3,706

# CONSOLIDATED FIVE-YEAR OVERVIEW

	<b>2017</b>	2016	2015	2014	2013
	<b>Full Year</b>	Full Year	Full Year	Full Year	Full Year
Revenues, SEK M	9,434	5,869	5,419	4,958	4,355
Revenue growth, %	61	8	9	14	13
Cash EBITDA, SEK M	5,953	3,668	3,193	2,916	2,623
EBITDA, SEK M	3,165	2,090	1,736	1,546	1,318
EBIT, SEK M	2,728	1,921	1,577	1,382	1,168
Non-recurring items (NRI's) in EBIT, SEK M	-397	10	-54	36	0
Non-recurring items (NRI's) in net financial items, SEK M	-316	0	0	0	-13
Revaluations of portfolio investments, SEK M	-3	45	32	33	5
Cash EBITDA excl NRI's, SEK M	6,350	3,658	3,247	2,880	2,623
EBITDA excl NRI's, SEK M	3,562	2,080	1,790	1,510	1,318
EBIT excl NRI's, SEK M	3,125	1,911	1,631	1,346	1,168
Net earnings, SEK M	1,503	1,468	1,172	1,041	819
Earnings per share, SEK	14.62	20.15	15.92	13.48	10.30
EPS growth, %	-27	27	18	31	41
Dividend per share, SEK	9.50	9.00	8.25	7.00	5.75
Average number of shares, '000	102,674	72,348	73,097	76,462	79,306
Number of shares outstanding at end of period, '000	131,541	72,348	72,348	73,848	78,547
Net Debt, SEK M	37,322	7,260	6,026	5,635	4,328
SERVICE LINE EARNINGS EXCL NRI'S BY SERVICE LINE, SEK M					
Credit Management	1,770	1,098	998	868	761
Financial Services	2,445	1,521	1,332	1,190	958
Common costs	-1,091	-708	-699	-712	-551
Estimated remaining collections (ERC), SEK M	44,603	17,645	15,073	13,682	12,454
Return on portfolio investments, %	16	20	20	20	21
Portfolio investments, SEK M	7,170	3,084	2,271	1,909	2,503
Average number of employees	6,293	3,865	3,738	3,694	3,427

# RECONCILIATION OF KEY FIGURES

SEK M unless otherwise indicated	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full-year 2017
Service line earnings portfolio investments	857	541	801	7	1,671	944	1,490	12	2,979
Average carrying value of portfolio investments	23,421	10,722	18,466	27	22,696	9,764	17,542	29	18,743
<b>Return on portfolio investments, %</b>	<b>15</b>	<b>20</b>	<b>17</b>	<b>-16</b>	<b>15</b>	<b>19</b>	<b>17</b>	<b>-13</b>	<b>16</b>
EBIT	1,240	476	865	43	2,137	944	1,706	25	3,489
Depreciation	353	42	223	58	530	83	387	37	742
Amortization and revaluations	1,003	477	755	33	1,877	979	1,486	26	3,295
<b>Cash EBITDA</b>	<b>2,596</b>	<b>995</b>	<b>1,843</b>	<b>41</b>	<b>4,544</b>	<b>2,006</b>	<b>3,579</b>	<b>27</b>	<b>7,526</b>
EBIT	1,240	476	865	43	2,137	944	1,706	25	3,489
Depreciation	353	42	223	58	530	83	387	37	742
<b>EBITDA</b>	<b>1,593</b>	<b>518</b>	<b>1,088</b>	<b>46</b>	<b>2,667</b>	<b>1,027</b>	<b>2,093</b>	<b>27</b>	<b>4,231</b>
Cash EBITDA	2,596	995	1,843	41	4,544	2,006	3,579	27	7,526
Non-recurring items, NRI's	173	163	192	-10	262	180	282	-7	499
<b>Cash EBITDA excl NRI's</b>	<b>2,769</b>	<b>1,158</b>	<b>2,035</b>	<b>36</b>	<b>4,806</b>	<b>2,186</b>	<b>3,861</b>	<b>24</b>	<b>8,025</b>
EBITDA	1,593	518	1,088	46	2,667	1,027	2,093	27	4,231
Non-recurring items, NRI's	173	163	192	-10	262	180	282	-7	499
<b>EBITDA excl NRI's</b>	<b>1,766</b>	<b>681</b>	<b>1,280</b>	<b>38</b>	<b>2,929</b>	<b>1,207</b>	<b>2,375</b>	<b>23</b>	<b>4,730</b>
EBIT	1,240	476	865	43	2,137	944	1,706	25	3,489
Non-recurring items, NRI's	173	163	192	-10	262	180	282	-7	499
<b>EBIT excl NRI's</b>	<b>1,413</b>	<b>639</b>	<b>1,057</b>	<b>34</b>	<b>2,399</b>	<b>1,124</b>	<b>1,988</b>	<b>21</b>	<b>3,988</b>
Liabilities to credit institutions	1,357	1,811	1,811	-25	1,357	1,811	1,811	-25	2,703
Bond loans	33,883	32,524	32,524	4	33,883	32,524	32,524	4	33,052
Provisions for pensions	193	162	162	19	193	162	162	19	175
Commercial paper	800	1,075	1,075	-26	800	1,075	1,075	-26	2,269
Other interest-bearing liabilities	0	17	17	-100	0	17	17	-100	4
Cash and cash equivalents	-968	-1,335	-1,335	-27	-968	-1,335	-1,335	-27	-881
<b>Net Debt</b>	<b>35,265</b>	<b>34,254</b>	<b>34,254</b>	<b>3</b>	<b>35,265</b>	<b>34,254</b>	<b>34,254</b>	<b>3</b>	<b>37,322</b>

# OPERATING SEGMENTS

## REGIONS – REVENUES FROM EXTERNAL CLIENTS

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Northern Europe	1,022	567	984	4	1,951	1,074	1,930	1	3,869
Central & Eastern Europe	882	657	893	-1	1,761	1,204	1,675	5	3,246
Western & Southern Europe	756	512	618	22	1,427	947	1,156	23	2,410
Spain	970	60	709	37	1,606	122	1,371	17	2,694
<b>Total revenues from external clients</b>	<b>3,630</b>	<b>1,796</b>	<b>3,204</b>	<b>13</b>	<b>6,745</b>	<b>3,347</b>	<b>6,132</b>	<b>10</b>	<b>12,219</b>

## REGIONS – REVALUATIONS OF PORTFOLIO INVESTMENTS

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Full Year 2017
Northern Europe	2	0	1	16	-3	20	42
Central & Eastern Europe	-21	37	57	2	32	65	13
Western & Southern Europe	11	5	5	-6	14	21	19
Spain	7	-1	1	0	-3	-1	-11
<b>Total revaluation</b>	<b>-1</b>	<b>41</b>	<b>64</b>	<b>12</b>	<b>40</b>	<b>105</b>	<b>63</b>

## REGIONS – REVENUES EXCLUDING REVALUATIONS

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Northern Europe	1,020	567	983	4	1,935	1,077	1,910	1	3,827
Central & Eastern Europe	903	620	836	8	1,759	1,172	1,610	9	3,233
Western & Southern Europe	745	507	613	22	1,433	933	1,135	26	2,391
Spain	963	61	708	36	1,606	125	1,372	17	2,705
<b>Total revenues excluding revaluations</b>	<b>3,631</b>	<b>1,755</b>	<b>3,140</b>	<b>16</b>	<b>6,733</b>	<b>3,307</b>	<b>6,027</b>	<b>12</b>	<b>12,156</b>

## REGIONS – OPERATING EARNINGS (EBIT)

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Northern Europe	380	156	298	28	658	328	585	12	1,261
Central & Eastern Europe	274	248	314	-13	567	431	568	-0	971
Western & Southern Europe	141	71	69	104	285	175	178	60	483
Spain	445	2	185	141	627	10	375	67	773
<b>Total EBIT</b>	<b>1,240</b>	<b>477</b>	<b>866</b>	<b>43</b>	<b>2,137</b>	<b>944</b>	<b>1,706</b>	<b>25</b>	<b>3,489</b>
Net financial items	-344	-359	-883	-61	-667	-404	-1,373	-51	-1,942
<b>Earnings before tax</b>	<b>896</b>	<b>118</b>	<b>-17</b>	<b>-5,371</b>	<b>1,470</b>	<b>540</b>	<b>333</b>	<b>341</b>	<b>1,547</b>

**REGIONS – NON-RECURRING ITEMS (NRI'S)**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Full Year 2017
Northern Europe	-22	-74	-83	-46	-81	-113	-183
Central & Eastern Europe	-66	-60	-65	-95	-66	-84	-159
Western & Southern Europe	-56	-29	-33	-81	-33	-43	-58
Spain	-29	0	-11	-40	0	-42	-99
<b>Total NRI's</b>	<b>-173</b>	<b>-163</b>	<b>-192</b>	<b>-262</b>	<b>-180</b>	<b>-282</b>	<b>-499</b>

**REGIONS – EBIT EXCLUDING REVALUATIONS AND NRI'S**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Northern Europe	400	230	380	5	688	412	678	1	1,402
Central & Eastern Europe	361	271	322	12	660	465	587	12	1,117
Western & Southern Europe	186	95	97	91	372	194	200	86	522
Spain	467	3	195	139	667	13	418	60	883
<b>Total EBIT excluding revaluations and NRI's</b>	<b>1,414</b>	<b>599</b>	<b>994</b>	<b>42</b>	<b>2,387</b>	<b>1,084</b>	<b>1,883</b>	<b>27</b>	<b>3,925</b>

**REGIONS – EBIT MARGIN EXCLUDING REVALUATIONS AND NRI'S**

%	April-June 2018	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Full Year 2017
Northern Europe	39	41	39	36	38	35	37
Central & Eastern Europe	40	44	39	38	40	36	35
Western & Southern Europe	25	19	16	26	21	18	22
Spain	48	5	28	42	10	30	33
<b>EBIT margin excl revaluations and NRI's for the Group</b>	<b>39</b>	<b>34</b>	<b>32</b>	<b>35</b>	<b>33</b>	<b>31</b>	<b>32</b>

**REGIONS – BOOK VALUE PORTFOLIO INVESTMENTS**

SEK M	30 Jun 2018	30 Jun 2017	Change %	30 Jun 2018	30 Jun 2017	Change %	31 Dec 2017
Northern Europe	7,237	6,326	14	7,237	6,326	14	6,607
Central & Eastern Europe	7,936	6,367	25	7,936	6,367	25	6,915
Western & Southern Europe	5,817	3,951	47	5,817	3,951	47	5,004
Spain	3,254	2,104	55	3,254	2,104	55	2,623
<b>Total book value (excl assets held for sale)</b>	<b>24,244</b>	<b>18,748</b>	<b>29</b>	<b>24,244</b>	<b>18,748</b>	<b>29</b>	<b>21,149</b>

**SERVICE LINES – REVENUES**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Credit Management	2,651	1,185	2,292	16	4,860	2,294	4,445	9	8,852
Financial Services	1,588	982	1,462	9	3,096	1,752	2,742	13	5,506
Elimination of inter-service line revenue	-609	-371	-550	11	-1,211	-699	-1,055	15	-2,138
<b>Total revenues</b>	<b>3,630</b>	<b>1,796</b>	<b>3,204</b>	<b>13</b>	<b>6,745</b>	<b>3,347</b>	<b>6,132</b>	<b>10</b>	<b>12,220</b>

**REVENUES BY TYPE**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
External Credit Management revenues	2,042	814	1,742	17	3,649	1,595	3,390	8	6,714
Collections on portfolio investments	2,542	1,430	2,187	16	4,887	2,678	4,178	17	8,680
Amortization of portfolio investments	-1,002	-518	-818	22	-1,889	-1,019	-1,591	19	-3,358
Revaluation of portfolio investments	-1	41	63	-102	12	40	105	-89	63
Other revenues from Financial Services	49	29	30	63	86	53	50	72	121
<b>Total revenues</b>	<b>3,630</b>	<b>1,796</b>	<b>3,204</b>	<b>13</b>	<b>6,745</b>	<b>3,347</b>	<b>6,132</b>	<b>10</b>	<b>12,220</b>

**SERVICE LINES – SERVICE LINE EARNINGS**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Credit Management	845	307	676	25	1,371	564	1,254	9	2,394
Financial Services	880	549	766	15	1,706	961	1,462	17	2,957
Common costs	-485	-379	-576	-16	-940	-581	-1,010	-7	-1,863
<b>Total EBIT</b>	<b>1,240</b>	<b>477</b>	<b>866</b>	<b>43</b>	<b>2,137</b>	<b>944</b>	<b>1,706</b>	<b>25</b>	<b>3,489</b>

**SERVICE LINES – NON-RECURRING ITEMS (NRI'S)**

SEK M	April-June 2018	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Credit Management	-60	0	-8	-82	0	-15	447	-81
Financial Services	-2	11	11	-3	11	11	-127	11
Common costs	-111	-174	-196	-177	-191	-278	-36	-429
<b>Total NRI's</b>	<b>-173</b>	<b>-163</b>	<b>-193</b>	<b>-262</b>	<b>-180</b>	<b>-282</b>	<b>-7</b>	<b>-499</b>



**SERVICE LINES – SERVICE LINE EARNINGS EXCLUDING NRI'S**

<b>SEK M</b>	<b>April-June 2018</b>	April-June 2017	Pro forma April-June 2017	Pro forma Change %	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Change %	Pro forma Full Year 2017
Credit Management	905	307	684	32	1,453	564	1,269	14	2,475
Financial Services	882	538	755	17	1,709	950	1,451	18	2,946
Common costs	-374	-205	-380	-2	-763	-390	-732	4	-1,434
<b>Total EBIT excl NRI's</b>	<b>1,413</b>	<b>640</b>	<b>1,059</b>	<b>33</b>	<b>2,399</b>	<b>1,124</b>	<b>1,988</b>	<b>21</b>	<b>3,988</b>

**SERVICE LINES – SERVICE LINE MARGINS EXCLUDING NRI'S**

<b>%</b>	<b>April-June 2018</b>	April-June 2017	Pro forma April-June 2017	Jan-June 2018	Jan-June 2017	Pro forma Jan-June 2017	Pro forma Full Year 2017
Credit Management	34	26	30	30	25	29	28
Financial Services	56	55	52	55	54	53	54
<b>EBIT margin excl NRI's</b>	<b>39</b>	<b>36</b>	<b>33</b>	<b>36</b>	<b>34</b>	<b>32</b>	<b>33</b>

# PARENT COMPANY

## INTRUM JUSTITIA AB (PUBL)

### INCOME STATEMENT – PARENT COMPANY

SEK M	Jan-June 2018	Jan-June 2017	Full Year 2017
Revenues	88	48	159
<b>Gross earnings</b>	<b>88</b>	<b>48</b>	<b>159</b>
Sales and marketing expenses	-30	-10	-36
Administrative expenses	-356	-259	-460
<b>Operating earnings (EBIT)</b>	<b>-298</b>	<b>-221</b>	<b>-337</b>
Income from subsidiaries	1,643	0	368
Exchange rate differences on monetary items classified as expanded investment	1,131	-347	-166
Net financial items	-94	-281	-444
<b>Earnings before tax</b>	<b>2,382</b>	<b>-849</b>	<b>-579</b>
Tax	0	0	199
<b>Net earnings for the period</b>	<b>2,382</b>	<b>-849</b>	<b>-380</b>

### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Jan-June 2017	Jan-June 2016	Full Year 2016
Net earnings for the period	2,382	-849	-380
Other comprehensive income: Change of translation reserve (fair value reserve)	-2,350	267	47
<b>Total comprehensive income</b>	<b>32</b>	<b>-582</b>	<b>-333</b>

### BALANCE SHEET – PARENT COMPANY

SEK M	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	13	0	10
Financial fixed assets	49,175	53,144	53,541
<b>Total fixed assets</b>	<b>49,188</b>	<b>53,144</b>	<b>53,551</b>
<b>Current assets</b>			
Current receivables	9,658	5,344	7,365
Cash and cash equivalents	68	321	95
<b>Total current assets</b>	<b>9,726</b>	<b>5,665</b>	<b>7,460</b>
<b>TOTAL ASSETS</b>	<b>58,914</b>	<b>58,809</b>	<b>61,011</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Restricted equity	285	285	285
Unrestricted equity	16,036	17,060	17,310
<b>Total shareholders' equity</b>	<b>16,321</b>	<b>17,345</b>	<b>17,595</b>
Long-term liabilities	36,402	36,768	38,006
Current liabilities	6,191	4,696	5,410
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>58,914</b>	<b>58,809</b>	<b>61,011</b>

## SHARE PRICE TREND



## OWNERSHIP STRUCTURE

30 June 2018	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	44.0
NN Investment Partners	6,831,746	5.2
Handelsbanken Funds	5,938,000	4.5
Lannebo Funds	4,577,767	3.5
Jupiter Asset Management	3,329,418	2.5
AMF Insurance & Funds	2,876,940	2.2
Swedbank Robur Funds	2,742,936	2.1
Vanguard	2,254,890	1.7
Odin Funds	2,243,707	1.7
BNP Paribas Investments Partners	1,925,167	1.5
Janus Henderson Investors	1,802,335	1.4
TIAA - Teachers Advisors	1,114,202	0.8
Baring Asset Management	1,074,395	0.8
BlackRock	1,045,834	0.8
AFA Insurance	1,010,831	0.8
<b>Total, fifteen largest shareholders</b>	<b>96,497,124</b>	<b>73.5</b>

**Total number of shares: 131,291,320**

Treasury shares, 250,000 shares, are not included in the total number of shares outstanding.

Swedish ownership accounted for 25.4 percent (institutions 5.4 percentage points, mutual funds 14.3 percentage points, retail 5.7 percentage points) Source: Modular Finance Holdings and Intrum

# Definitions

## Result concepts, key figures and alternative performance measures

### Consolidated net revenues

Consolidated net revenues include external credit management income (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), income from portfolio investments operations (collected amounts less amortization and revaluations for the period) and other income 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 income statement.

### Operating margin

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

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

Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognized at amortized 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 amortization for the period and revaluations. The amortization 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.

### Revenues, operating earnings and operating margin, excluding revaluations

The revaluation of portfolio investments in the period is included in consolidated net revenues and operating earnings. Revaluations are performed in connection with changes in estimates of future collections and are therefore inherently difficult to predict. They have low forecast values for future earnings trends, particularly for an individual geographical region. Consequently, Intrum also reports alternative key figures in which revenues, operating earnings and operating margin are calculated excluding purchased debt revaluations.

### 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.

### Service line earnings

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

## Service line margin

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

## Return on portfolio investments

Return on portfolio investments is the service line earnings for the period, excluding the Group's new services such as factoring and payment guarantees, 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 service line's earnings in relation to the amount of capital tied up and is included in the Group's financial targets.

## Net debt

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

## EBITDA

Operating earnings before depreciation and amortization (EBITDA) are operating earnings after reversal of depreciation of fixed assets except portfolio investments.

## Cash EBITDA

Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortization and revaluations of portfolio investments are added back.

## RTM

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

## Net debt/RTM operating earnings before depreciation and amortization (EBITDA)

This key figure refers to net debt divided by consolidated operating earnings before depreciation, amortization and impairment (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.

## 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.

## Non-recurring items (NRIs)

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. Non-recurring items include restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, extraordinary projects, divestments, impairment of non-current fixed assets other than portfolio investments, acquisition and divestment costs, 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 costs for disputes and unusual agreements. Non-recurring items are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

### Items affecting comparability

Significant income statement items included in the Group's regular recurring operations and which may recur in any form, but which distort the comparison between the periods.

### EBIT, EBITDA and Cash EBITDA, excluding NRIs

In accordance with the above, the key figures EBIT, EBITDA and Cash EBITDA are also reported after recurring non-recurring items, NRIs.

### Expected remaining collections, ERC

Estimated remaining collections are the nominal value of expected future collections on the Group's portfolio investments.

### Pro forma financial reports including Lindorff

Pro forma financial reports are issued for the Group including Lindorff, as if Lindorff had been included in the Group for the entire period, as well as in the comparative figures. Pro forma earnings have been calculated by adding Intrum's and Lindorff's actual results for each period without making adjustments for the periods in which transaction costs would have been incurred if the acquisition had taken place at another time. Fair value adjustments made in the acquisition analysis on Intrum Justitia's acquisition of Lindorff are not recognized in earnings for any period, although they can be recognized as costs in the acquired legal entity.

### Portfolio investments

Investments in portfolios of overdue receivables for the period, with and without collateral, and investments in properties held for sale, acquired together with portfolios of receivables.

### Region Northern Europe

Region Northern Europe comprises the Group's activities for external clients and debtors in Denmark, Estonia, Finland, Latvia, Lithuania, Norway and Sweden.

### Region Central and Eastern Europe

Region Central and Eastern Europe comprises the Group's activities for external clients and debtors in Austria, the Czech Republic, Germany, Greece, Hungary, Poland, Romania, Slovakia and Switzerland.

### Region Western and Southern Europe

Region Western & Southern Europe comprises the Group's activities for external clients and debtors in Belgium, France, Ireland, Italy, the Netherlands, Portugal and the United Kingdom.

### Region Spain

Region Spain comprises the Group's activities for external clients and debtors in Spain.