

Leading the way.

Interim report Second quarter

April–June 2019

intrum

Interim report, second quarter

April–June 2019

EBIT Adjusted

+31%

Return portfolio investments

15%

Net Debt/RTM Cash EBITDA

4.3

Earnings per share

6.26 SEK

Second quarter, April–June 2019

- Net revenue increased to SEK 3,784 M (3,630).
- Operating earnings (EBIT) improved to SEK 1,475 M (1,240). EBIT adjusted improved to SEK 1,561 M (1,196). The operating margin was 39 percent (34) and the adjusted operating margin was 41 percent (35).
- For Credit Management Services, the service line margin amounted to 29 percent (32), and the adjusted service line margin was 29 percent (28).
- Portfolio investments for the quarter amounted to SEK 1,436 M (2,385). The return on portfolio investments was 15 percent (14).
- Earnings for the period amounted to SEK 879 M (701), and earnings per share were SEK 6.26 (5.33).
- Cash flow from operating activities increased to SEK 1,897 M (1,679).
- A strategic partnership was established in Greece through an agreement with Piraeus Bank.

SEKm, unless otherwise indicated	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018–June 2019	2018
Revenues	3,784	3,630	4	7,536	6,745	12	14,233	13,442
Operating income (EBIT)	1,475	1,240	19	2,822	2,137	32	4,663	3,978
EBIT adjusted	1,561	1,196	31	2,911	2,169	34	5,242	4,500
Net earnings	879	701	25	1,618	1,065	52	2,496	1,943
Earnings per share, SEK	6.26	5.33	17	11.79	8.10	46	18.42	14.18
Adjusted CMS Revenues	2,714	2,428	12	5,089	4,637	10	9,709	9,257
Adjusted service line margin CMS, %	29	28		26	27		26	27
Portfolio investments	1,436	2,385	–40	2,713	3,758	–28	10,809	11,854
Carrying value portfolio investments	32,377	26,102	24	32,377	26,102	24	32,377	32,261
Return on portfolio investments, ROI, %	15	14		15	14		15	14
Cash EBITDA as per loan covenants	2,722	2,552	7	5,182	4,588	13	10,370	9,776
Net Debt/RTM Cash EBITDA	4.3	3.9		4.3	3.9		4.3	4.3

Strengthening the leading European position

I am pleased that Intrum is able to report another good, solid set of quarterly results with adjusted EBIT up 31 percent year on year. With this, we have delivered an EPS of SEK 6.26 per share and are continuing the progress required to reach our 2020 targets.

Fully established European footprint

The successful conclusion of our agreement with Piraeus bank to establish a strategic partnership, in which we assume an 80 percent stake in their debt collection unit, was a highlight of the quarter. Greece is one of the largest NPL markets in Europe, and this is the final step for us in securing our leading position in all the major European markets. The closing is planned for early October, which means we will be able to run at maximum capacity soon after completion.

Having fully established this strong geographical footprint, we will normalise our pace of investment and refocus our efforts slightly towards driving value from the large number of investments that we have made over the past two years to derive their full value. We will also concentrate on delivering industry-leading levels of collection performance across our operations, and further strengthening our relationships with the major European financial institutions.

Solid development

Our Portfolio Investment activities continue to perform well, supported by a robust market and stable to improving IRR outlook. The ROI for the quarter was 15 percent and the book value remained stable from the first quarter at SEK 32 billion, up 24 percent year on year; both measures being well in line with our target requirements.

Our CMS operations showed improved performance with service line earnings up 2 percent year on year and with a CMS service line margin

up to 29 percent, an increase of 1 percentage point compared with the preceding year. These increases are the result of steady progress across most of the operations, synergies being realised and the continued ramping up of the Italian servicing joint venture. Since May, the CMS result has also included the recently acquired Solvia unit in Spain. Its contribution is, however, relatively modest during the on-boarding phase.

Continued efficiency improvements and attractive refinancing

We have described how we will reach our targets for 2020 by developing our balanced business model. While a strong market and our own performance in portfolio investments are slightly ahead of expectations, we have experienced headwind in our CMS operations, where challenges, particularly in Spain, have been hard to mitigate.

“We pave the way for a continued strong and sustainable Intrum beyond 2020”

Accordingly, as part of our efforts to further increase our operational efficiency, and building on the largely completed merger synergies from the mergers between Intrum Justitia and Lindorff, we are targeting EUR 60 M in further efficiency improvements in our bottom-line earnings in 2020. This will include activities such as fully integrating Solvia into our existing operations and carefully prioritising key projects within e.g. IT to ensure we benefit from the size and scale of our organisation. This lays the ground for an even more competitive and efficient company beyond 2020. The cost to realise the program is approximately equivalent to one year's benefit.

Our operating cash flow for the second quarter was solid, and we saw an anticipated short-term spike in leverage (up to a multiple of 4.3) as a result of distributing dividends to shareholders and completing the Solvia transaction. During the quarter, we also continued to work with our financing. We have rolled forward our domestic MTN program with a four-year, SEK 2 billion issue to replace the bond that was repaid in May. This continues to demonstrate Intrum's ability to access the credit markets on attractive terms and to manage its liquidity for the future.

Acting as the leader of our industry

We take our role as an industry leader seriously and acknowledge our responsibility to work constantly to make this a highly professional, well-regulated and humane industry. To support this agenda, we have continued our dialogue with regulators locally and at the EU level to encourage a well-functioning regulatory framework and sound secondary markets for non-performing loans across Europe. In addition, we recently published our annual European Payment Report; the most comprehensive study of its type and widely read and respected by all involved in the industry. The findings form important input for us in our work with further including sustainability aspects into our daily operations, such as ensuring

sustainable payments from both the clients' and end-customers' perspective.

As Intrum has grown in Southern Europe and in secured assets, we observe an increased seasonality in our results. I look forward to the second half of 2019, although I expect the third quarter to be the seasonal low. I remain highly positive about Intrum's long-term development, and further improvements in operational efficiency will both strengthen our competitiveness and reinforce our market-leading position. Our efforts will support steady progress towards our targets for next year, and at the same time pave the way for a continued strong and sustainable Intrum beyond 2020.

Stockholm, July 2019

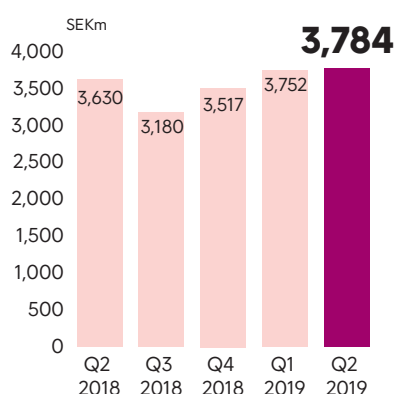
Mikael Ericson
President and CEO



Group

Development during the second quarter

Revenues

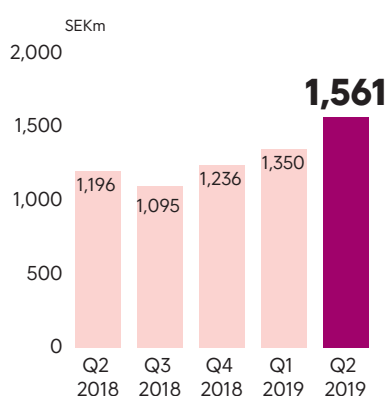


Revenues and operating earnings

Consolidated net revenues for the second quarter increased to SEK 3,784 M (3,630), corresponding to a 4 percent increase, with organic growth accounting for a negative 14 percent, acquisitions for 16 percent, revaluations of portfolios for 0 percent and currency effects for 2 percent. The share of revenue denominated in EUR amounted to 56 percent (64).

Change in revenues, %	Second quarter	6 months
	April–June 2019	Jan–June 2019
Organic growth	-14	-7
Acquisition-based growth	16	12
Portfolio revaluations	0	0
Other items affecting comparability	0	3
Currency effects	2	3
Total	4	12

EBIT adjusted



Consolidated operating earnings, EBIT, for the second quarter improved to SEK 1,475 M (1,240). The adjusted operating earnings improved to SEK 1,561 M (1,196).

In the first half-year, net revenues amounted to SEK 7,536 M (6,745). Operating earnings (EBIT) amounted to SEK 2,822 M (2,137) and EBIT adjusted reached SEK 2,911 M (2,169).

Items affecting comparability

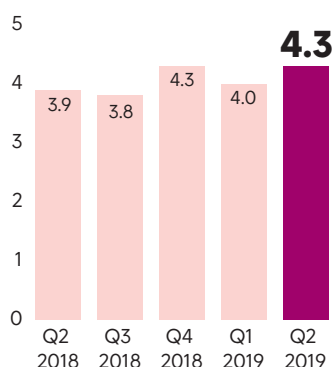
Operating earnings for the quarter included items affecting comparability of SEK -86 M (44).

Items affecting comparability in operating income

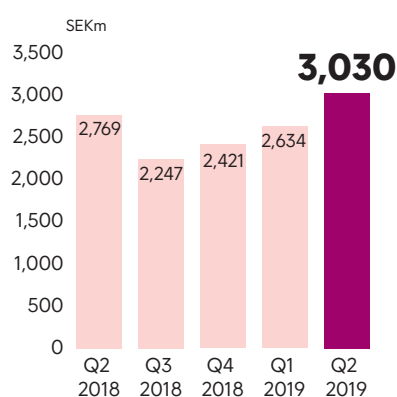
SEKm	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	July 2018–June 2019	2018
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	-292	-217	-396	-249	-854	-707
Integration costs Lindorff	-33	-109	-68	-174	-246	-352
Transaction costs for M&A	-21	-43	-111	-57	-278	-224
Impact from early terminated BPO contract	1	218	147	218	107	178
Other items affecting comparability	-35	-21	-75	-31	-256	-212
Total items affecting comparability in operating income	-86	44	-89	-32	-579	-522

The outcome in the Group's regions and service lines is accounted for in greater detail on pages 6–10.

Net Debt/Cash EBITDA as per covenant definition



Cash EBITDA as per covenant definition



Net financial items

Net financial items for the quarter amounted to SEK –348 M (–344).

Net interest amounted to SEK –352 M (–289), currency exchange rate differences to SEK 50 M (–5) and other financial items to SEK –46 M (–50).

Earnings for the period and taxes

Earnings for the quarter were charged with SEK –248 M (–194), equivalent to an effective tax rate of 22 percent (22). Accordingly, earnings for the period amounted to SEK 879 M (701), corresponding to earnings per share of SEK 6.26 (5.33) before and after dilution.

Intrum'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.

Cash flow and investments

SEKm	Second quarter		6 months		Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	2018
Cash flow from operating activities	1,897	1,679	3,249	3,127	6,154
Cash flow from investing activities	–3,176	–2,865	–3,418	2,765	–7,925
Total cash flow from operating and investing activities	–1,279	–1,186	–169	5,892	–1,771
Cash flow from financing activities	1,184	–433	52	–5,840	2,227
Cash flow for the period	–95	–1,619	–117	52	456

Over the second quarter, cash flow from operating activities increased to SEK 1,897 M (1,679).

Assets and financing

SEKm	31 June 2019	31 June 2018	31 Dec 2018
Liquid assets	1,237	968	1,348
Portfolio investments total	32,377	26,102	32,261
Client relationships	4,398	1,867	3,670
Goodwill	35,036	31,783	33,055
Other assets	8,836	5,406	5,699
Total assets	81,884	66,126	76,033
Shareholders' equity	26,814	23,150	25,672
Net Debt	44,972	35,265	42,122
Net Debt/Cash EBITDA as per covenant definition	4.3	3.9	4.3

At the end of the quarter, total assets amounted to SEK 82 billion, compared with SEK 76 billion at the end of 2018. Net debt amounts to SEK 45 billion. At the end of the quarter, net debt in relation to rolling 12-month adjusted Cash EBITDA amounted to 4.3, compared with 4.3 at the end of 2018.

The reduction since year-end in the balance sheet positions Property investments and Inventory of real estate is primarily explained by the fact that half of Intrum's shares in the company that holds the real estate purchased by Intrum from Ibercaja Banco SA in the end of 2018 were divested to a co-investor in the first quarter of 2019, and that the company since then is being reported as a joint venture.

During the quarter Intrum published an updated prospectus, approved by the Swedish Financial supervisory authority, for the company's Medium Term Notes (MTN) programme, allowing the company to issue bonds in the Swedish market for a maximum SEK 5 billion. The company also issued a four-year, unsecured bond after the quarter-end for SEK 2 billion, at an interest rate of STIBOR 3m +325 basis points.

Service lines

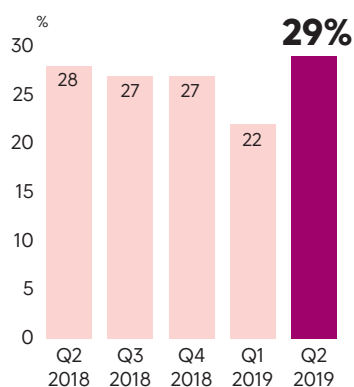
Credit management services

Credit management with a focus on late payment and collection. This service line forms the core of Intrum's operations.

Credit management services

SEKm	Second quarter				6 months				Rolling	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Revenues	2,716	2,651	2	1	5,266	4,860	8	4	9,886	9,480
Service line earnings	781	845	-8	-9	1,419	1,371	4	1	2,481	2,433
Adjusted revenues	2,714	2,428	12	10	5,089	4,637	10	6	9,709	9,257
Adjusted service line earnings	798	687	16	14	1,313	1,235	6	4	2,567	2,489
Adjusted service line margin, %	29	28			26	27			26	27

Credit management services, adjusted service line margin



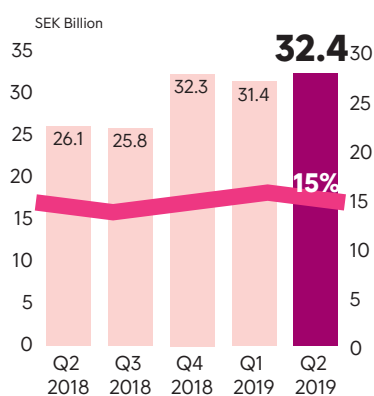
The service line delivered a seasonally strong quarter across the Group. The Italian operations are starting to pick up after the first quarter. There are significant additional opportunities for efficiency and margin improvements.

Portfolio investments

Portfolio investments, i.e. acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collects the receivables on its own behalf. The receivables are collected by the Credit Management Services service line for a market-based internal charge.

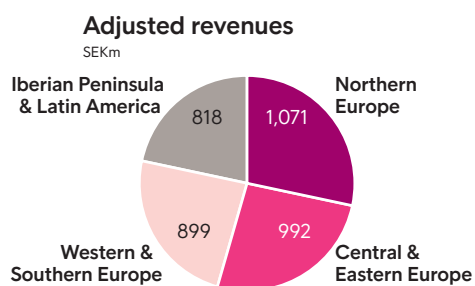
Portfolio investments SEKm	Second quarter				6 months				Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018– June 2019	2018
Revenues	1,685	1,588	6	4	3,492	3,096	13	10	6,790	6,394
Service line earnings	1,215	880	38	36	2,520	1,706	48	45	4,414	3,600
Adjusted revenues	1,683	1,589	6	4	3,474	3,084	13	10	6,696	6,306
Adjusted service line earnings	1,214	883	37	35	2,503	1,697	47	45	4,322	3,516
Adjusted service line margin, %	72	56			72	55			65	56
Collected amounts	2,672	2,542	5		5,267	4,887	8		10,436	10,056
Amortization	–1,068	–1,002	7		–2,064	–1,889	9		–4,117	–3,942
Book value	32,377	26,102	24		32,377	26,102	24		32,377	32,261

Portfolio investments, carrying value and return

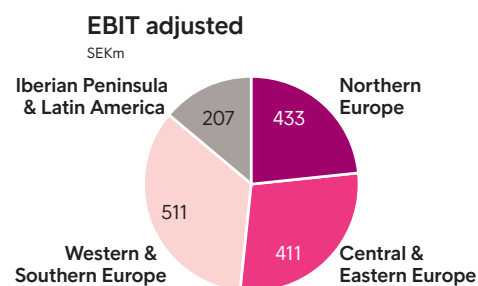


The service line delivered a strong quarter with a stable return thanks to favourable market conditions. Investments have returned to a more normal level as expected following the major investments made in 2018 and the future investment in the collaboration with Piraeus Bank in Greece. The Italian portfolio, which is owned together with Intesa Sanpaolo, is reported as a joint venture and included in operating earnings, but not in revenues, which affects the margin positively.

Regions



Total adjusted revenues **3,780**



Total EBIT adjusted **1,561**



Region Northern Europe

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

SEKm	Second quarter				6 months				Rolling	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Revenues	1,080	1,022	6	4	2,054	1,951	5	3	4,083	3,980
Operating earnings (EBIT)	420	380	11	9	704	658	7	5	1,340	1,294
Adjusted revenues	1,071	1,020	5	4	2,060	1,935	6	4	4,127	4,002
EBIT adjusted	433	400	8	7	749	688	9	7	1,486	1,425
Adjusted EBIT margin	40	39			36	36			36	36
Book value portfolio investments	8,379	7,237	16		8,379	7,237	16		8,379	7,567

The region delivered stable earnings in all countries. Development is progressing in the right direction in both service lines and several contract negotiations with Credit Management customers were concluded with favourable results. From now on, the region will focus on further efficiency enhancements.



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.

SEKm	Second quarter				6 months				Rolling	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Revenues	1,125	882	28	25	2,184	1,761	24	21	4,213	3,790
Operating earnings (EBIT)	522	274	91	88	946	567	67	64	1,756	1,377
Adjusted revenues	992	903	10	7	1,994	1,759	13	10	3,916	3,681
EBIT adjusted	411	361	14	11	794	660	20	17	1,576	1,442
Adjusted EBIT margin	41	40			40	38			40	39
Book value portfolio investments	8,075	7,961	1		8,075	7,961	1		8,075	7,789

The region maintained its favourable development by focusing on collection efficiency, which offset decreased growth in the book value of portfolio investments. The transaction with Piraeus Bank is expected to be concluded in the fourth quarter, and a considerable amount of preparation work is in progress.



Region Western and Southern Europe

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

SEKm	Second quarter				6 months				Rolling	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Revenues	757	645	17	16	1,613	1,229	31	29	2,948	2,564
Operating earnings (EBIT)	345	72	379	377	692	166	317	314	754	228
Adjusted revenues	899	657	37	35	1,765	1,261	40	37	3,126	2,622
EBIT adjusted	511	139	267	265	976	277	252	249	1,363	664
Adjusted EBIT margin	57	21			55	22			44	25
Book value portfolio investments	11,405	6,787	68		11,405	6,787	68		11,405	10,443

The region's earnings for the quarter were strong, mainly thanks to a recovery in Italy. New customer contracts have been signed with financial institutions in Italy. In other regards, the region had stable earnings with good opportunities in all countries. Earnings and margins are increasing more than revenues because the joint venture in Italy was only included in earnings and not in revenues.



Region Iberian Peninsula and Latin America

Region Iberian Peninsula and Latin America comprises the Group's activities for external clients and debtors in Spain, Portugal and Brazil.

SEKm	Second quarter		Change %	Fx adjusted %	6 months		Change %	Fx adjusted %	Rolling	Full year
	April–June 2019	April–June 2018			Jan–June 2019	Jan–June 2018			12 months July 2018–June 2019	
Revenues	822	1,081	-24	-26	1,685	1,804	-7	-10	2,990	3,109
Operating earnings (EBIT)	188	514	-63	-66	480	746	-36	-39	813	1,079
Adjusted revenues	818	828	-1	-3	1,522	1,555	-2	-5	2,793	2,826
EBIT adjusted	207	296	-30	-32	392	544	-28	-31	817	969
Adjusted EBIT margin	25	36			26	35			29	34
Book value portfolio investments	4,518	4,117	10		4,518	4,117	10		4,518	6,462

The region's revenues and earnings continue to decline as a result of the loss of volumes and positive earnings from former customer contracts. The acquired Solvia has been consolidated and had an effect on earnings as of May, but has relatively high start-up costs, limiting operating earnings and affecting margins adversely. Looking ahead, there are good opportunities for efficiency improvements, particularly with the integration of Solvia.

Financial reports

Consolidated income statement in summary

SEK m	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	July 2018– June 2019	2018
Revenues from clients	2,178	2,091	4,315	3,735	7,820	7,240
Revenue on Portfolio investments calculated using the effective interest method	1,604	1,540	3,203	2,998	6,319	6,114
Positive revaluations of Portfolio investments	294	216	414	261	948	795
Negative revaluations of Portfolio investments	-292	-217	-396	-249	-854	-707
Total revenue	3,784	3,630	7,536	6,745	14,233	13,442
Cost of sales	-2,053	-1,898	-4,189	-3,616	-7,942	-7,369
Gross earnings	1,731	1,732	3,347	3,129	6,291	6,073
Sales, marketing and administrative expenses	-571	-492	-1,200	-992	-2,409	-2,201
Participation in joint ventures	315	0	675	0	781	106
Operating earnings (EBIT)	1,475	1,240	2,822	2,137	4,663	3,978
Net financial items	-348	-344	-748	-667	-1,444	-1,363
Earnings before tax	1,127	896	2,074	1,470	3,219	2,615
Tax	-248	-194	-456	-320	-735	-599
Net income from continuing operations	879	702	1,618	1,150	2,484	2,016
Profit from discontinued operations, net of tax	0	-1	0	-85	12	-73
Net earnings for the period	879	701	1,618	1,065	2,496	1,943
<i>Of which attributable to:</i>						
Parent company's shareholders	821	701	1,547	1,065	2,418	1,936
Non-controlling interest	58	0	71	0	78	7
Net earnings for the period	879	701	1,618	1,065	2,496	1,943
Average no of shares before and after dilution, '000	131,094	131,442	131,192	131,492	131,242	131,391
Earnings per share before and after dilution						
Profit from continuing operations, SEK	6.26	5.34	11.79	8.75	18.33	14.73
Profit from discontinued operations, SEK	0.00	-0.01	0.00	-0.65	0.59	-0.56
Total earnings per share before and after dilution, SEK	6.26	5.33	11.79	8.10	18.42	14.18

Consolidated statement of comprehensive income in summary

SEKm	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	July 2018– June 2019	2018
Net income for the period	879	701	1,618	1,065	2,496	1,943
<i>Other comprehensive income, items that will be reclassified to profit and loss:</i>						
Currency translation difference	202	123	565	902	210	547
<i>Other comprehensive income, items that will not be reclassified to profit and loss:</i>						
Remeasurement of pension liability	0	0	0	0	6	6
Comprehensive income for the period	1,081	824	2,183	1,967	2,712	2,496
<i>Of which attributable to:</i>						
Parent company's shareholders	1,023	824	2,112	1,967	2,631	2,486
Non-controlling interest	58	0	71	0	81	10
Comprehensive income for the period	1,081	824	2,183	1,967	2,712	2,496

Consolidated balance sheet in summary

SEKm	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Intangible fixed assets			
Goodwill	35,036	31,783	33,055
Capitalized expenditure for IT development and other intangibles	1,079	449	456
Client relationships	4,398	1,867	3,670
Total intangible fixed assets	40,513	34,099	37,181
Tangible fixed assets			
Right- of use assets	676	0	0
Investment property	2	0	256
Other tangible fixed assets	236	252	237
Total tangible fixed assets	914	252	493
Other fixed assets			
Shares in joint ventures	5,815	1,726	4,746
Other shares and participations	5	4	1
Portfolio investments	26,228	24,244	24,830
Deferred tax assets	585	722	620
Other long-term receivables	196	41	33
Total other fixed assets	32,829	26,737	30,230
Total fixed assets	74,256	61,088	67,904
Current Assets			
Accounts receivable	1,647	778	719
Inventory of real estate	332	132	2,429
Client funds	1,161	873	917
Tax assets	242	394	273
Other receivables	1,918	1,391	1,553
Prepaid expenses and accrued income	1,091	502	890
Cash and cash equivalents	1,237	968	1,348
Total current assets	7,628	5,038	8,129
TOTAL ASSETS	81,884	66,126	76,033

Consolidated balance sheet, cont.

SEKm	30 June 2019	30 June 2018	31 Dec 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	24,433	23,147	23,666
Attributable to non-controlling interest	2,381	3	2,006
Total shareholders' equity	26,814	23,150	25,672
Long-term liabilities			
Liabilities to credit institutions	9,393	1,356	6,534
Bond loans	34,065	32,883	33,254
Long-term leasing liabilities	492	0	0
Other long-term liabilities	1,025	404	395
Provisions for pensions	268	193	263
Other long-term provisions	45	11	5
Deferred tax liabilities	1,981	1,258	1,729
Total long-term liabilities	47,269	36,105	42,180
Current liabilities			
Liabilities to credit institutions	3	1	296
Bond loans	0	1,000	1,000
Commercial paper	2,480	800	2,123
Client funds payable	1,161	873	917
Accounts payable	419	548	488
Income tax liabilities	430	611	241
Advances from clients	95	65	59
Short-term leasing liabilities	199	0	0
Other current liabilities	744	1,107	852
Accrued expenses and prepaid income	2,256	1,753	2,056
Other short-term provisions	14	113	149
Total current liabilities	7,801	6,871	8,181
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	81,884	66,126	76,033

Consolidated statement of changes in shareholders' equity

SEKm	2019			2018		
	Attributable to Parent Company's shareholders	Non-controlling interest	Total	Attributable to Parent Company's shareholders	Non-controlling interest	Total
Opening Balance, January 1	23,666	2,006	25,672	22,436	3	22,439
Change in accounting principles according to IFRS 9				50		50
Dividend	-1,247		-1,247	-1,250		-1,250
Repurchase of shares	-86		-86	-56		-56
Changes in Group structure	-12	304	292			0
Comprehensive income for the period	2,112	71	2,183	1,967		1,967
Closing Balance, June 30	24,433	2,381	26,814	23,147	3	23,150

Consolidated cash flow statement in summary

SEKm	Second quarter		6 months		Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	2018
Cash flows from continuing operations					
Operating activities					
Operating earnings (EBIT)	1,475	1,240	2,822	2,137	3,978
Depreciation/amortization and impairment write-down	311	353	599	530	900
Amortization/revaluation of purchased debt	1,066	1,003	2,046	1,877	3,854
Other adjustment for items not included in cash flow	-275	-224	-670	-207	-351
Interest received	16	13	22	25	60
Interest paid	-176	-118	-708	-633	-1,244
Other financial expenses paid	-7	-32	-35	78	-42
Income tax paid	-100	-85	-213	-209	-590
Cash flow from operating activities before changes in working capital	2,310	2,150	3,863	3,598	6,565
Changes in factoring receivables	-75	-50	-71	-70	-67
Other changes in working capital	-338	-421	-543	-401	-344
Cash flow from operating activities	1,897	1,679	3,249	3,127	6,154
Investing activities					
Purchases of tangible and intangible fixed assets	-140	-80	-349	-156	-306
Portfolio investments in receivables and inventory of real estate	-1,416	-1,840	-2,925	-3,241	-6,872
Acquisition of subsidiaries and joint ventures	-1,937	-1,663	-1,958	-1,663	-8,587
Liquid assets in acquired/divested subsidiaries	337	0	344	-400	-400
Proceeds from divestment of subsidiaries and associated companies	0	0	1,488	7,511	7,511
Other cash flow from investing activities	-20	718	-18	714	729
Cash flow from investing activities	-3,176	-2,865	-3,418	2,765	-7,925
Financing activities					
Borrowings and repayment of loans	2,517	873	1,385	-4,534	3,533
Repurchase of shares	-86	-56	-86	-56	-56
Share dividend to parent company's shareholders	-1,247	-1,250	-1,247	-1,250	-1,250
Cash flow from financing activities	1,184	-433	52	-5,840	2,227
Cash flows from continuing operations	-95	-1,619	-117	52	456
Cash flows from discontinued operations	0	0	0	-372	-372
Total change in liquid assets	-95	-1,619	-117	-320	84
Opening balance of liquid assets	1,333	2,583	1,348	1,253	1,253
Exchange rate differences in liquid assets	-1	4	6	35	11
Closing balance of liquid assets	1,237	968	1,237	968	1,348
Thereof liquid assets in discontinued operations	0	0	0	0	0
Discontinued operations					
Cash flow from operating activities	0	0	0	13	13
Cash flow from investing activities	0	0	0	-589	-589
Cash flow from financing activities	0	0	0	204	204
Group total					
Cash flow from operating activities	1,897	1,679	3,249	3,140	6,167
Cash flow from investing activities	-3,176	-2,865	-3,418	2,176	-8,514
Cash flow from financing activities	1,184	-433	52	-5,636	2,431

Net financial items specification

SEKm	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018– June 2019	2018
Interest income	16	13	23	22	25	-12	57	60
Interest costs	-356	-302	18	-696	-591	18	-1,350	-1,245
Interest cost from the amortization according to the effective interest method of borrowing costs	-21	-19	11	-42	-39	8	-85	-82
Interest cost on leasing liability according to IFRS 16	-12	0		-22	0		-22	0
Currency exchange rate differences	50	-5	-1,100	32	-8	-500	59	19
Commitment fee	-16	-30	-47	-29	-49	-41	-81	-101
Other financial items	-9	-1	800	-13	-5	160	-22	-14
Total net financial items	-348	-344	1	-748	-667	12	-1,444	-1,363

Financial overview

SEKm	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018– June 2019	2018
Revenues	3,784	3,630	4	7,536	6,745	12	14,233	13,442
Adjusted revenues	3,780	3,408	11	7,341	6,510	13	13,962	13,131
Operating income (EBIT)	1,475	1,240	19	2,822	2,137	32	4,663	3,978
EBIT adjusted	1,561	1,196	31	2,911	2,169	34	5,242	4,500
Net earnings	879	701	25	1,618	1,065	52	2,496	1,943
Earnings per share, SEK	6.26	5.33	17	11.79	8.10	46	18.42	14.18
Return on equity, %	13	12		9	9		10	8
Equity per share, SEK	187.54	176.30	6	187.54	176.30	6	187.54	195.16
Cash flow from operating activities per share, SEK	14.47	12.77	13	24.77	23.78	4	49.08	48.10
CMS revenues	2,716	2,651	2	5,266	4,860	8	9,886	9,480
- thereof external clients	2,099	2,042	3	4,044	3,649	11	7,443	7,048
- thereof intercompany revenues	617	609	1	1,222	1,211	1	2,443	2,432
Adjusted CMS revenues	2,714	2,428	12	5,089	4,637	10	9,709	9,257
- thereof external clients	2,097	1,819	15	3,867	3,426	13	7,266	6,825
- thereof intercompany revenues	617	609	1	1,222	1,211	1	2,443	2,432
Adjusted service line margin CMS, %	29	28		26	27		26	27
Investments in portfolios	1,436	2,385	-40	2,713	3,758	-28	10,809	11,854
Total carrying value of portfolio invest- ments	32,377	26,102	24	32,377	26,102	24	32,377	32,261
- thereof purchased receivables	26,228	24,244	8	26,228	24,244	8	26,228	24,830
- thereof joint ventures	5,815	1,726		5,815	1,726	237	5,815	4,746
- thereof real estate	334	132	153	334	132	153	334	2,685
Return on portfolio investments, %	15	14		15	14		15	14
Amortization percentage, %	40	39	1	39	39	1	39	39
ERC	60,896	49,313	21	60,896	49,313	21	60,896	57,382
Cash multiple	1.88	2.03	-9	1.88	2.03		1.88	1.94
Average number of employees	8,542	7,886	3	8,363	7,846	7	8,168	7,910

Quarterly overview

SEKm	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017	Quarter 3 2017
Revenues	3,784	3,752	3,517	3,180	3,630	3,115	3,101	2,986
Adjusted revenues	3,780	3,561	3,441	3,180	3,408	3,102	3,145	2,985
Operating income (EBIT)	1,475	1,347	1,003	838	1,240	897	807	977
EBIT adjusted	1,561	1,350	1,236	1,095	1,196	973	1,008	1,036
Net earnings	879	739	482	396	701	364	443	615
Earnings per share, SEK	6.26	5.63	3.70	3.02	5.33	2.77	3.37	4.68
Return on equity, %	13	12	8	7	12	6	8	11
Equity per share, SEK	187.54	188.55	195.16	177.58	176.03	179.63	170.59	166.46
Cash flow from operating activities per share, SEK	14.47	10.30	13.81	9.25	12.77	11.01	–	–
CMS revenues	2,716	2,550	2,403	2,217	2,651	2,209	2,251	2,155
- thereof external clients	2,099	1,945	1,776	1,623	2,042	1,607	1,695	1,628
- thereof intercompany revenues	617	605	627	594	609	602	556	627
Adjusted CMS revenues	2,714	2,375	2,403	2,217	2,428	2,209	2,251	2,155
- thereof external clients	2,097	1,770	1,776	1,623	1,819	1,607	1,695	1,628
- thereof intercompany revenues	617	605	627	594	609	602	556	627
Adjusted service line margin CMS, %	29	22	27	27	28	25	27	28
Investments in portfolios	1,436	1,277	5,444	927	2,385	1,373	2,784	1,177
Total carrying value of portfolio investments	32,377	31,392	32,261	25,772	26,102	22,721	21,242	19,096
- thereof purchased receivables	26,228	25,628	24,830	23,914	24,244	22,598	21,149	19,054
- thereof joint ventures	5,815	5,477	4,746	1,703	1,726	0	0	0
- thereof real estate	334	287	2,685	155	132	123	93	42
Return on portfolio investments, %	15	16	15	17	15	15	15	20
Amortization percentage, %	40	38	40	40	39	38	39	39
ERC	60,896	58,686	57,382	47,874	49,313	46,929	44,603	40,179
Cash multiple	1.88	1.87	1.94	2.00	2.03	2.08	2.10	2.11
Average number of employees	8,542	8,133	7,711	7,571	7,886	7,806	8,349	8,349

Five year overview

SEKm	2018	2017	2016	2015	2014
Revenues	13,442	9,434	5,869	5,419	4,958
Adjusted revenues	13,131	9,437	5,824	5,387	4,925
Operating income (EBIT)	3,978	2,728	1,921	1,577	1,382
EBIT adjusted	4,500	3,128	1,866	1,599	1,313
Net earnings	1,943	1,503	1,468	1,172	1,041
Earnings per share, SEK	14.18	14.62	20.15	15.92	13.48
Return on equity, %	8	11	41	38	32
Equity per share, SEK	195.16	170.59	55.88	42.66	39.92
Cash flow from operating activities per share, SEK	48.10	–	46.64	39.74	34.98
Average number of employees	7,910	6,293	3,865	3,738	3,694

SEKm	Quarter 2 2019	Quarter 2 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015
Revenues	3,784	3,630	1,796	1,421	1,419
Adjusted revenues	3,780	3,408	1,755	1,404	1,374
Operating income (EBIT)	1,475	1,240	476	457	428
EBIT adjusted	1,561	1,241	598	450	383
Net earnings	879	701	98	354	324
Earnings per share, SEK	6.26	5.33	1.32	4.85	4.38
Return on equity, %	13	12	3	43	44
Equity per share, SEK	187.54	176.30	161.12	43.77	37.90
Cash flow from operating activities per share, SEK	14.47	12.77	9.46	9.61	10.09
Average number of employees	8,542	7,886	4,369	3,832	3,771

Reconciliation of alternative performance measures

SEKm	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	July 2018– June 2019	2018
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	-292	-217	-396	-249	-854	-707
Impact from early terminated BPO	2	223	177	223	177	223
Total items affecting comparability in revenues	4	222	195	235	271	311
Items affecting comparability in operating income						
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	-292	-217	-396	-249	-854	-707
Integration costs Lindorff	-33	-109	-68	-174	-246	-352
Transaction costs for M&A	-21	-43	-111	-57	-278	-224
Impact from early terminated BPO contract	1	218	147	218	107	178
Other items affecting comparability	-35	-21	-75	-31	-256	-212
Total items affecting comparability in operating income	-86	44	-89	-32	-579	-522
Items affecting comparability by income statement line						
Revenues from clients	0	223	177	223	177	223
Positive revaluations of portfolio investments	294	216	414	261	948	795
Negative revaluations of portfolio investments	-292	-217	-396	-249	-854	-707
Cost of sales	-20	-67	-72	-90	-42	-60
Sales, marketing and administration costs	-68	-111	-212	-177	-808	-773
Total items affecting comparability in operating income	-86	44	-89	-32	-579	-522
Revaluations of portfolio investments by geographical region						
Northern Europe	9	2	-6	16	-45	-23
Central & Eastern Europe	133	-21	190	2	297	109
Western & Southern Europe	-142	-12	-152	-32	-178	-58
Iberian Peninsula & Latin America	2	30	-14	26	20	60
Total revaluations of portfolio investments	2	-1	18	12	94	88
Other items affecting comparability by geographical region						
Northern Europe	-22	-22	-39	-46	-101	-108
Central & Eastern Europe	-22	-66	-38	-95	-117	-174
Western & Southern Europe	-24	-54	-132	-78	-432	-378
Iberian Peninsula & Latin America	-21	187	102	175	-23	50
Total other items affecting comparability	-88	45	-107	-44	-673	-610
Other items affecting comparability by service line						
Credit Management Services	-17	158	106	136	-86	-56
Portfolio Investments	-1	-2	-1	-3	-2	-4
Common costs	-71	-111	-212	-177	-585	-550
Total other items affecting comparability	-88	45	-107	-44	-673	-610

Reconciliation of alternative performance measures, cont.

SEKm	Second quarter		6 months		Rolling 12 months	Full year
	April–June 2019	April–June 2018	Jan–June 2019	Jan–June 2018	July 2018– June 2019	2018
Adjusted revenue						
Revenues	3,784	3,630	7,536	6,745	14,233	13,442
Items affecting comparability	–4	–222	–195	–235	–271	–311
Adjusted revenue	3,780	3,408	7,341	6,510	13,962	13,131
EBIT Adjusted						
Operating income (EBIT)	1,475	1,240	2,822	2,137	4,663	3,978
Items affecting comparability	86	–44	89	32	579	522
Total EBIT Adjusted	1,561	1,196	2,911	2,169	5,242	4,500
Portfolio income excluding revaluations						
Portfolio income	1,195	857	2,485	1,671	4,278	3,464
Revaluations	–2	1	–18	–12	–94	–88
Portfolio income excluding revaluations	1,193	858	2,467	1,659	4,184	3,376
Average carrying value						
Average carrying value receivables	25,928	23,421	25,529	22,697	25,236	22,990
Average carrying value joint ventures	5,646	863	5,281	863	3,771	2,373
Average carrying value real estate	311	128	1,510	113	233	145
Total average carrying value	31,885	24,412	32,319	23,672	29,240	25,508
Return including revaluations	15	14	15	14	15	14
Return excluding revaluations	15	14	15	14	14	13
Cash EBITDA						
EBIT	1,475	1,240	2,822	2,137	4,663	3,978
Deprecation	311	353	599	530	969	900
Amortization on portfolios	1,068	1,003	2,064	1,889	4,117	3,942
Cash EBITDA	2,854	2,596	5,485	4,556	9,749	8,820
Adjustments according to loan covenants:						
Participation in associated companies and joint ventures excl dividend	–270	0	–590	0	–696	–106
Items affecting comparability	86	–44	89	32	579	522
Other pro forma adjustments	52	0	198	0	738	540
Cash EBITDA as per covenant definition	2,722	2,552	5,182	4,588	10,370	9,776
Net debt						
Liabilities to credit institutions	9,396	1,357	9,396	1,357	9,396	6,830
Bond loans	34,065	33,883	34,065	33,883	34,065	34,254
Provisions for pensions	268	193	268	193	268	263
Commercial paper	2,480	800	2,480	800	2,480	2,123
Cash and cash equivalents	–1,237	–968	–1,237	–968	–1,237	–1,348
Net debt at end of period	44,972	35,265	44,972	35,265	44,972	42,122
Net Debt/RTM Cash EBITDA as per covenant definition	–	–	–	–	4.3	4.3

Operating segments

Service lines

Revenues	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018–June 2019	
SEKm								
Credit Management Services	2,716	2,651	2	5,266	4,860	8	9,886	9,480
Portfolio Investments	1,685	1,588	6	3,492	3,096	13	6,790	6,394
Elimination of intercompany transactions	-617	-609	1	-1,222	-1,211	1	-2,443	-2,432
Total revenues	3,784	3,630	4	7,536	6,745	12	14,233	13,442

Revenues by type	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018–June 2019	
SEKm								
External Credit Management revenues	2,099	2,042	3	4,044	3,649	11	7,443	7,048
Collections on portfolio investments	2,672	2,542	5	5,267	4,887	8	10,436	10,056
Amortization of portfolio investments	-1,068	-1,002	7	-2,064	-1,889	9	-4,117	-3,942
Revaluation of portfolio investments	2	-1	-300	18	12	50	94	88
Other revenues from Financial Services	79	49	61	271	86	215	377	192
Total revenues	3,784	3,630	4	7,536	6,745	12	14,233	13,442

Service line earnings	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018–June 2019	
SEKm								
Credit Management Services	781	845	-8	1,419	1,371	4	2,481	2,433
Portfolio Investments	1,215	880	38	2,520	1,706	48	4,414	3,600
Common costs	-521	-485	7	-1,117	-940	19	-2,232	-2,055
Total service line earnings	1,475	1,240	19	2,822	2,137	32	4,663	3,978

Adjusted revenues	Second quarter				6 months				Rolling	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	
SEKm										
Credit Management Services	2,714	2,428	12	10	5,089	4,637	10	7	9,709	9,257
Portfolio Investments	1,683	1,589	6	4	3,474	3,084	13	10	6,696	6,306
Elimination of intercompany transactions	-617	-609	1		-1,222	-1,211	1		-2,443	-2,432
Total adjusted revenues	3,780	3,408	11	9	7,341	6,510	13	10	13,962	13,131

Service lines, cont.

Adjusted service line earnings

SEKm	Second quarter				6 months				Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Credit Management Services	798	687	16	14	1,313	1,235	6	4	2,567	2,489
Portfolio Investments	1,214	883	37	35	2,503	1,697	47	45	4,322	3,516
Common costs	-451	-374	21	18	-905	-763	19	16	-1,647	-1,505
Total adjusted service line earnings	1,561	1,196	31	29	2,911	2,169	34	31	5,242	4,500

Service line margin adjusted	Second quarter				6 months				Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Credit Management Services	29	28			26	27			26	27
Portfolio Investments	72	56			72	55			65	56
Adjusted EBIT margin	41	35			40	33			38	34

Regions

Revenues from external clients	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	12 months July 2018–June 2019	
SEKm								2018
Northern Europe	1,080	1,022	6	2,054	1,951	5	4,083	3,980
Central & Eastern Europe	1,125	882	28	2,184	1,761	24	4,213	3,790
Western & Southern Europe	757	645	17	1,613	1,229	31	2,948	2,564
Iberian Peninsula & Latin America	822	1,081	-24	1,685	1,804	-7	2,990	3,109
Total revenues from external clients	3,784	3,630	4	7,536	6,745	12	14,233	13,442

Intercompany revenues	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	12 months July 2018–June 2019	
SEKm								2018
Northern Europe	91	86	6	177	165	7	348	336
Central & Eastern Europe	193	173	12	383	353	8	767	737
Western & Southern Europe	96	88	9	195	170	15	397	372
Iberian Peninsula & Latin America	77	205	-62	152	384	-60	35	267
Elimination	-457	-552	-17	-907	-1,072	-15	-1,547	-1,712
Total intercompany revenues	0	0	0	0	0	0	0	0

Revenues from clients excluding portfolio revenues	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	12 months July 2018–June 2019	
SEKm								2018
Northern Europe	690	683	1	1,346	1,296	4	2,700	2,650
Central & Eastern Europe	262	249	5	517	477	8	1,056	1,016
Western & Southern Europe	627	348	80	1,202	662	82	2,001	1,461
Iberian Peninsula & Latin America	599	811	-26	1,250	1,300	-4	2,063	2,113
Total revenues from clients excluding portfolio revenues	2,178	2,091	4	4,315	3,735	16	7,820	7,240

Operating income (EBIT)	Second quarter			6 months			Rolling	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	12 months July 2018–June 2019	
SEKm								2018
Northern Europe	420	380	11	704	658	7	1,340	1,294
Central & Eastern Europe	522	274	91	946	567	67	1,756	1,377
Western & Southern Europe	345	72	379	692	166	317	754	228
Iberian Peninsula & Latin America	188	514	-63	480	746	-36	813	1,079
Total Operating income (EBIT)	1,475	1,240	19	2,822	2,137	32	4,663	3,978
Net financial items	-348	-344	1	-748	-667	12	-1,444	-1,363
Earnings before tax	1,127	896	26	2,074	1,470	41	3,219	2,615

Carrying value portfolio investments	Second quarter			6 months			Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	2018
SEKm							
Northern Europe	8,379	7,237	16	8,379	7,237	16	7,567
Central & Eastern Europe	8,075	7,961	1	8,075	7,961	1	7,789
Western & Southern Europe	11,405	6,787	68	11,405	6,787	68	10,443
Iberian Peninsula & Latin America	4,518	4,117	10	4,518	4,117	10	6,462
Total carrying value at end of period	32,377	26,102	24	32,377	26,102	24	32,261

Regions, cont.

Adjusted revenues

SEKm	Second quarter				6 months				Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Northern Europe	1,071	1,020	5	4	2,060	1,935	6	4	4,127	4,002
Central & Eastern Europe	992	903	10	7	1,994	1,759	13	10	3,916	3,681
Western & Southern Europe	899	657	37	35	1,765	1,261	40	37	3,126	2,622
Iberian Peninsula & Latin America	818	828	-1	-3	1,522	1,555	-2	-5	2,793	2,826
Total adjusted revenues	3,780	3,408	11	9	7,341	6,510	13	10	13,962	13,131

EBIT adjusted

SEKm	Second quarter				6 months				Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Fx adjusted %	Jan–June 2019	Jan–June 2018	Change %	Fx adjusted %	July 2018–June 2019	2018
Northern Europe	433	400	8	7	749	688	9	7	1,486	1,425
Central & Eastern Europe	411	361	14	12	794	660	20	17	1,576	1,442
Western & Southern Europe	511	139	267	265	976	277	252	249	1,363	664
Iberian Peninsula & Latin America	207	296	-30	-32	392	544	-28	-31	817	969
Total EBIT adjusted	1,561	1,196	31	29	2,911	2,169	34	31	5,242	4,500

EBIT margin adjusted

%	Second quarter			6 months			Rolling 12 months	Full year
	April–June 2019	April–June 2018	Change %	Jan–June 2019	Jan–June 2018	Change %	July 2018–June 2019	2018
Northern Europe	40	39		36	36		36	36
Central & Eastern Europe	41	40		40	38		40	39
Western & Southern Europe	57	21		55	22		44	25
Iberian Peninsula & Latin America	25	36		26	35		29	34
Adjusted EBIT margin	41	35		40	33		38	34

Income statement – parent company

SEKm	6 months		Full year
	Jan–June 2019	Jan–June 2018	2018
Revenues	116	88	215
Gross earnings	116	88	215
Sales and marketing expenses	-12	-30	-46
Administrative expenses	-348	-356	-726
Operating earnings (EBIT)	-244	-298	-557
Income from subsidiaries	158	1,643	2,008
Exchange rate differences on monetary items classified as expanded investment and hedging activities	-772	-1,219	-589
Net financial items	-237	-94	-516
Earnings before tax	-1,095	32	346
Tax	0	0	-191
Net earnings for the period	-1,095	32	155

Statement of comprehensive income – parent company

SEKm	6 months		Full year
	Jan–June 2019	Jan–June 2018	2018
Net earnings for the period	-1,095	32	155
Total comprehensive income	-1,095	32	155

Balance sheet – parent company

SEKm	30 June 2019	30 June 2018	31 Dec 2018
ASSETS			
Fixed assets			
Intangible fixed assets	89	13	43
Tangible fixed assets	12	0	5
Financial fixed assets	51,822	49,175	54,969
Total fixed assets	51,923	49,188	55,017
Current assets			
Current receivables	15,925	9,658	11,751
Cash and cash equivalents	100	68	251
Total current assets	16,025	9,726	12,002
TOTAL ASSETS	67,948	58,914	67,019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	13,735	16,036	16,162
Total shareholders' equity	14,020	16,321	16,447
Long-term liabilities	45,870	36,402	42,995
Current liabilities	8,058	6,191	7,577
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	67,948	58,914	67,019

Other information

Parent Company

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

The Parent Company reported net revenues of SEK 116 M (88) for the first half of the year and earnings before tax of SEK -1,095 M (32), including share dividends and gains on disposals attributable to subsidiaries of SEK 158 M (1,643). Earnings for the first half of 2018 included the Parent Company's gains on disposals of subsidiaries, which corresponded to amounts differing from the earnings in the consolidated accounts. During the first half of the year, the Parent Company invested SEK 61 M (7) in fixed assets and held cash and cash equivalents of SEK 100 M (68). The average number of employees was 68 (72).

Accounting principles

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company.

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

The accounting principles applied by the Group and the Parent company are substantially unchanged in comparison to the Annual Report 2018, however with the exceptions noted below.

The Group applies IFRS 16 Leases as of 2019. See also Note 1 in the 2018 Annual Report. IFRS 16 stipulates that for both financial and operational leases of significance, a right of use asset and a lease liability are to be recognised. Exceptions are short-term leases and leases for assets with a low value, where the leasing cost is recognized on a straight-line basis. The right of use asset is recognised with linear amortisation over the term of the contract. The lease liability is recognised including interest expenses in accordance with the effective interest rate method. The implementation of IFRS 16 entails the recognition of leasing liabilities for leases which were previously classified as operational leases under IAS 17. The liabilities are calculated as the present value of future minimum lease payments discounted at the incremental borrowing rate. Intrum applied the modified retrospective method, meaning that the effect of introducing IFRS 16 was recognised directly against the opening balance without the comparison figures being recalculated. The principal effects on Intrum's accounting were that the Group's total assets increased by SEK 709 M, calculated as per the beginning of 2019, with both an asset and a liability being reported for leases in effect (and where the amount is updated monthly), and with operating earnings improving by a preliminary SEK 40 M annually through the implicit interest expense in the leases being reported in net financial items rather than in operating earnings.

Intrum has also made a new interpretation of the rules in RFR 2 Accounting legal entities, entailing the Parent Company's exchange rate differences attributable to the hedging of the Group's exchange rate risk in foreign operations no longer being reported under Other comprehensive income but under Net financial items in the Parent Company's income statement. Comparison figures for the preceding year were recalculated in the same way. The amended interpretation with regard to the Parent Company's accounting has no impact on shareholder's equity in the Parent Company or on the consolidated financial statements.

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.

Market development and outlook

In Intrum's balanced business model, consisting of credit management services and portfolio investments, we see strong development in both areas. Much of the groundwork has now been done to enable us to start the execution of our production transformation program in our credit management operations. Intrum will gradually centralise, standardise and improve large parts of the collection process. We anticipate the actions being taken in this area continuing to improve efficiency and the CMS margin throughout 2019 and onwards. A continued high level of activity can be observed throughout Europe in the market for past-due credits.

Significant risks and uncertainties

Risks to which the Group and Parent Company are exposed include risks relating to economic developments, Brexit, compliance and changes in regulations, reputation risks, tax risks, risks attributable to IT and information management, risks attributable to acquisitions, market risks, liquidity risks, credit risks, risks inherent in portfolio investments and payment guarantees, as well as financing risks. The risks are described in more detail in the Board of Directors' report in Intrum's 2018 Annual Report. No significant risks are considered to have arisen besides those described in the Annual Report.

Fair value of financial instruments

Most of the Group's financial assets and liabilities (portfolio investments, 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.

Seasonal effects

Intrum's operations are, to some extent, seasonal, since collection is often somewhat lower during the summer holiday months and in months with few working days, but slightly higher during months when end customers receive tax refunds and other one-off payments from public authorities and employers.

Acquisitions

Solvia

During the quarter, Intrum acquired Solvia Servicios Inmobiliarios (Solvia) from Banco Sabadell. The acquisition entails Intrum acquiring 80 percent of the shares in Solvia while Banco Sabadell retains 20 percent. Solvia is one of Spain's leading suppliers of real estate management services.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEKm	Carrying value before acquisition	Fair value adjustments	Fair value
Client relationships	0	708	708
Other tangible and intangible fixed assets	603	-67	536
Deferred tax asset	23	86	109
Other receivables	1,353	-398	955
Cash and bank	337		337
Deferred tax liability	0	-177	-177
Other liabilities and provisions	-403	-12	-415
Net assets	1,913		2,053
Non-controlling interest			-411
Purchase price paid			1,937
Deferred payment of purchase price			625
Goodwill			920
Cash and bank in acquired company			337

Piraeus Bank Recovery Business Unit

During the quarter, Intrum also agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The operations will be sepa-

rated from the bank and consolidated by Intrum in a separate legal entity valued at EUR 410 M. Intrum will acquire 80 percent of the shares in the company for a purchase consideration of EUR 328 M, of which EUR 296 M will be paid in cash on completion of the transaction and the remainder being paid after the end of 2022. The transaction builds on a long-term strategic partnership with Piraeus Bank as the holder of the remaining 20 percent of the shares. The transaction is expected to be completed in the fourth quarter. The acquisition analysis has yet to be prepared.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 April - 30 June 2019, 19,424,463 shares were traded for a total value of SEK 4,696 M, corresponding to 15 percent of total number of shares at the end of the period. The highest price paid during the period 1 April - 30 June 2019 was SEK 269.70 (1 April) and the lowest was SEK 217.40 (3 January). On the last trading day of the period, 28 June 2019, the price was SEK 238.40 (latest paid). During the period 1 April - 30 June 2019, Intrum's share price fell by 11 percent, while Nasdaq OMX Stockholm rose by 5 percent.

Share price, SEK



Shareholders

	No of shares	Capital and Votes, %
30 June 2019		
Nordic Capital	57,728,956	44.1
Sampo Oyj	6,877,968	5.3
NN Investment Partners	5,975,421	4.6
Handelsbanken Fonder	4,513,678	3.4
Swedbank Robur Fonder	2,603,738	2.0
AMF Försäkring & Fonder	2,571,940	2.0
Lannebo Fonder	2,465,825	1.9
Vanguard	2,459,660	1.9
Jupiter Asset Management	2,348,228	1.8
BNP Paribas Asset Management	1,813,057	1.4
TIAA - Teachers Advisors	1,720,833	1.3
AFA Försäkring	1,500,971	1.1
Harding Loevner	1,081,415	0.8
BlackRock	1,024,963	0.8
Dimensional Fund Advisors	1,014,558	0.8
Total, fifteen largest shareholders	95,701,211	73.1
Total number of shares:	130,941,320	

Source: Modular Finance Holdings and Intrum

Treasury shares, 600,000 shares, are not included in the total number of shares outstanding. Swedish ownership accounted for 24.6 percent (institutions 5.6 percentage points, mutual funds 13.0 percentage points, retail 6.0 percentage points).

Currency exchange rates

	Closing rate 30 June 2019	Closing rate 30 June 2018	Average rate April-June 2019	Average rate April-June 2018	Average rate Jan-June 2019	Average rate Jan-June 2018
1 EUR=SEK	10.55	10.43	10.61	10.33	10.51	10.14
1 CHF=SEK	9.50	9.77	9.42	8.79	9.31	8.67
1 NOK=SEK	1.09	1.10	1.09	1.08	1.08	1.06
1 HUF=SEK	0.0326	0.0317	0.0329	0.0326	0.0328	0.0323

Changes in Group Management

During the quarter, Anders Engdahl took up his position as the new CFO. Danko Maras has left Intrum and Group Management. Cathrine Klouman, Chief Operating Officer, has also left Intrum and Group Management.

For further information, please contact

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

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

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

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

The information in this interim report is such that Intrum AB (publ) is required to disclose pursuant to the EU's markets abuse directive and the Securities Markets Act. The information was provided under the auspices of the contact person above for publication on 18 July 2019 at 7.00 a.m. CET.

Financial calendar 2019

October 23, 2019, Interim report for the third quarter

January 29, 2020, Year-end report 2019

Interim reports and other financial information are available at Intrum Justitia's website: 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, 18 July 2019

Per E. Larsson Chairman of the Board	Magnus Yngen Deputy Chairman of the Board	Liv Fiksdahl Board member
Hans Larsson Board member	Kristoffer Melinder Board member	Andreas Näsвик Board member
Magdalena Persson Board member	Andrés Rubio Board member	Ragnhild Wiborg Board member
Mikael Ericson President and CEO		

Review report

To the Board of Intrum AB (publ), corporate identity number 556607-7581.

Introduction

We have reviewed the condensed interim report for Intrum AB (publ) as at June 30, 2019 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 18 July, 2019
Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Definitions

Result concepts, key figures and alternative indicators

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.

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 operations in 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.

Cash EBITDA

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

Adjusted operating earnings (EBIT)

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

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. This key figure is calculated in accordance with the definitions stated in the terms of the Group's revolving syndicated loan facility, which means, among other things, that participations in joint ventures is only included to the extent that earnings are distributed to Intrum and that operations acquired during the period are included on a pro forma-basis throughout the 12-month period.

Currency-adjusted change

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

Items affecting comparability

Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. These include revaluations of portfolio investments, 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 expenses, advisory costs for discontinued acquisition projects, costs for relocation to new office space, termination and recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unusual agreements. Items affecting comparability are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

Amortization percentage

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

Estimated remaining collections, ERC

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

Cash multiple

The total of collections to date and estimated remaining collections (ERC) on all the Group's portfolio investments, as a share of the total invested amount.

Portfolio investments

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

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

Region Iberian Peninsula and Latin America

Region Iberian Peninsula and Latin America comprises the Group's activities for external clients and debtors in Spain, Portugal and Brazil.

About Intrum

Intrum is the industry-leading provider of Credit Management Services with a presence in 24 markets in Europe. Intrum helps companies prosper by offering solutions designed to improve cash flows and long-term profitability and by caring for their customers. To ensure that individuals and companies get the support they need to become free from debt is one important part of the company's mission. Intrum has more than 9,000 dedicated professionals who serve around 80,000 companies across Europe. In 2018, the company generated revenues of SEK 13.4 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.

Business model

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

Why invest in Intrum?

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

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

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

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

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

Financial targets

Earnings per share

35 SEK/share

An increase of 75 percent until 2020 compared to 2016, corresponding to an average yearly increase of 15 percent.

Return on purchased debt

13%

Return on purchased debt should be at least 13 percent on a rolling twelve months basis.

Net debt in relation to operating earnings before depreciation and amortisation

2.5 to 3.5

Net debt in relation to operating earnings before depreciation and amortisation shall be in the interval 2.5–3.5.

Dividend policy

Intrum's dividend policy is that shareholders should, over time, obtain a dividend or equivalent that averages at least half of the net earnings for the year after tax