AXACTOR

Axactor and Geveran enter into co-investment partnership securing EUR 300 million in investment capacity

Oslo, 14 August 2017 - Axactor AB (publ) ("Axactor") and Geveran Trading Co. Limited, a company indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family ("Geveran"), have signed a letter of intent regarding the establishment of a jointly owned portfolio investment company (the "Portfolio Investment Company"). Axactor and Geveran will both invest EUR 30 million of equity and hold a 50 per cent ownership each. In addition, Geveran will provide a subordinated debt facility of up to EUR 120 million. The Portfolio Investment Company will in addition seek bank financing. The targeted investment capacity of the Portfolio Investment Company will be around EUR 300 million.

The Portfolio Investment Company will focus on larger portfolios above EUR 30 million in Capex and have a first right of refusal on such portfolios. The Portfolio Investment Company will invest in new portfolios for a period of 24 months after which the Portfolio Investment Company will continue to manage the portfolios acquired up until then. Axactor will continue to acquire commercially attractive portfolios below the EUR 30 million threshold on its own. The Portfolio Investment Company may acquire portfolios below EURm 30 that Axactor does not acquire. Axactor will have an exclusive service agreement with the Portfolio Investment Company under which Axactor will manage and collect the claims owned by the Portfolio Investment Company. Axactor will charge the Portfolio Investment Company a 5 per cent mark-up on debt collection services.

The Portfolio Investment Company will be capitalised with EUR 60 million of equity, a subordinated debt facility with Geveran (or one of its affiliates) of EUR 120 million and bank financing of around EUR 120 million. The subordinated debt facility will have a 5 year tenor with an interest margin of 650 bps over EURIBOR. Consequently, the Portfolio Investment Company will have a target leverage of up to 80 per cent loan-to-value securing a highly competitive capital structure with attractive equity returns.

"We are very pleased to have Geveran as our co-investment partner. They have long experience in the sector and significant capital available. This partnership enables Axactor to substantially increase our total investment capacity, and is an important strategic milestone for the company. We can pursue larger acquisitions while optimising the cost of capital and managing the risk of larger purchases. The service agreement between Axactor and the Portfolio Investment Company will secure immediate and attractive cash flow generation to Axactor, while the capital structure of the Portfolio Investment Company will secure attractive equity returns to the Axactor shareholders", says Endre Rangnes, CEO of Axactor.

Axactor and Geveran will each have 50 per cent of the representatives of the Board of Directors of the Portfolio Investment Company. Axactor will prepare and present the business case for portfolio purchases within scope to the Board of Directors of the Portfolio Investment Company. Each party shall have veto right regarding portfolio purchases.

The establishment of the Portfolio Investment Company is subject to the parties entering into final agreements. The target is for the Portfolio Investment Company to be operational from early Q4 2017.

Related to the establishment of the Portfolio Investment Company, Axactor has resolved to grant 130,000,000 American style warrants in Axactor to Geveran with an exercise price of NOK 3.25. The warrants will only be exercisable if the Portfolio Investment Company is established, and will expire 2 years thereafter. The warrants are subject to customary recalculation provisions following certain capital events.

Endre Rangnes, CEO of Axactor, Oddgeir Hansen, Chief Operating Officer of Axactor and Johnny Tsolis, Executive Vice President, Strategy & Projects of Axactor, have agreed to enter into a 2 year lock-up undertaking in relation to the shares currently owned by them.

DNB Markets, a part of DNB Bank ASA, acted as financial adviser for Axactor relating to the Portfolio Investment Company.

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About Axactor

Axactor Group specializes in both Debt Collection and Debt Purchasing across several countries, with operations in Italy, Germany, Norway, Sweden and Spain. The company has a Nordic base and an ambitious Pan-European growth strategy, which targets the market for non-performing loans (NPL) in Europe. This market is estimated to be about 1,500 billion euros across Europe providing significant opportunities for Axactor's future expansion. Axactor has approximately 888 employees.