

Leading the way.

Interim report First quarter

January–March 2019

intrum

Interim report, first quarter

January–March 2019

EBIT Adjusted

+39%

Return portfolio investments

16%

Net Debt/RTM Cash EBITDA

4.0

Earnings per share

5.63 SEK

First quarter, January – March 2019

- Net revenue increased to SEK 3,752 M (3,115).
- Operating earnings improved to SEK 1,347 M (897). EBIT adjusted improved to SEK 1,350 M (973).
- The adjusted service line margin for Credit Management Services, amounted to 22 percent (25).
- Portfolio investments for the quarter amounted to SEK 1,277 M (1,373). The return on portfolio investments was 16 percent (15).
- Earnings for the period amounted to SEK 739 M (364), and earnings per share were SEK 5.63 (2.77).
- Cash flow from operating activities amounted to SEK 1,352 M (1,448).
- The acquisition of Solvia in Spain was completed after the end of the quarter.

SEKm, unless otherwise indicated	First quarter		Change %	Rolling	Full year
	Jan–March 2019	Jan–March 2018		12 months	
				April 2018–March 2019	2018
Revenues	3,752	3,115	20	14,079	13,442
Operating income (EBIT)	1,347	897	50	3,178	3,978
EBIT adjusted	1,350	973	39	4,877	4,500
Net earnings	739	364	103	2,318	1,943
Earnings per share, SEK	5.63	2.77	103	17.04	14.18
Adjusted CMS Revenues	2,550	2,209	15	9,598	9,257
Adjusted service line margin CMS, %	22	25	–3 pp	26	27
Portfolio investments	1,277	1,373	–7	11,758	11,854
Carrying value portfolio investments	31,392	22,598	39	31,392	29,576
Return on portfolio investments, ROI, %	16	15	1 pp	15	14
Cash EBITDA as per loan covenants	2,544	2,037	35	10,283	9,776
Net Debt/RTM Cash EBITDA	4.0	3.8		4.0	4.3

Strong start of the year

We have begun 2019 in a positive way and the large step up in the results is clearly in line with our 2020 target trajectory. A contributing factor is our partnership with Intesa which delivers as we hoped and expected it to. Adjusted EBIT is up 39 percent, primarily from Italy and with support from solid trends in the rest of the business. Reported EBIT is up 50 percent year-on-year due to lower levels of non-recurring items.

Strong momentum

We have delivered another strong quarter from the Portfolio Investment service line in line with our 2020 targets. The investment level was SEK 1.3 billion, with a healthy ROI of 16 percent.

We continue to see an active market across Europe and Southern Europe in particular. Greece continues to develop into one of the most interesting opportunities especially for diversified industrial players who can deploy a range of offerings. Regulatory pressure provides ongoing momentum in the sector and as we have commented throughout 2018, the pricing environment has stabilised and the tentative signs of an increase in IRRs continue.

In our CMS operations we are reporting revenues 8 percent higher than last year, but with a moderate service line margin of 22 percent. A step-up in CMS margins is one of the key elements of delivering our 2020 targets with our balanced business model. Throughout 2019, we will address the specific causes of current weakness: Spain and Italy. Excluding them, the consolidated margin would have been up 1 percentage point year-on-year to 24 percent.

Challenges in Spain

Spain continues to be negatively affected by the loss and maturing of high margin BPO (Business Process Outsourcing) contracts for which we have been partly compensated. In total during 2018 and 2019, we have received SEK 570 M in such compensation. If we were to include the compensation spread by quarter, this would mean one percentage point higher adjusted CMS margin for the Group in the quarter. We have, after the end of the first quarter, completed, as expected, the acquisition of Solvia from Sabadell. This acquisition, and the large Ibercaja portfolio we purchased in the fourth quarter will provide further volume injections. Simultaneously we continue to work intensively with the cost base of our Spanish operations.

Step up in Italy

Italy in total has delivered a good first quarter, slightly ahead of our own expectations. The distribution of earnings between CMS and Portfolio Investments has been slightly different to what we expected. The temporarily distorting effects

“We steadily close in on our 2020 targets”

of the ramp-up phase in Italy have had a very negative effect on the Group's CMS margin, while Portfolio Investments has over-delivered. We expect this will be addressed as the year progresses.

Attractive financing

Our operating cash flow was solid in the first quarter, with free cash flows boosted by the refinancing of Ibercaja. The rolling 12-month Cash EBITDA in excess of SEK 10 billion for the first time means that leverage has dropped to 4.0x. Our commitment to being in the range 2.5-3.5x by 2020 remains firm and while leverage may rise a little in the second quarter as dividends and Solvia are paid, the overall trend will continue downwards throughout 2019.

There has been considerable speculation about interest rates and funding costs for the industry. We were therefore very pleased to be able to add another partner to our existing RCF and thereby extend our financial flexibility by EUR 275 million, and also to complete the refinancing of the Ibercaja transaction at attractive terms. Continuing to be able to source financing at attractive terms gives us confidence as we begin the process of considering the most appropriate ways of addressing our 2022 and 2024 debt maturities.

Sustainable way to a sound economy

Last year, we developed our sustainability work and initiated several initiatives to further develop, and more clearly integrate, sustainability matters into our operations. Based on newly performed dialogues with key stakeholders and a materiality analysis, we have during the first quarter formulated three focus areas to drive and strengthen our sustainability work going forward. We shall: Enable sustainable payments, Be a trusted and respected actor, and Grow by making a difference.

These three areas are closely related to our identity and to our purpose, which is to lead the way to a sound economy.

Outlook

We look forward to further positive developments for Intrum throughout 2019 as we steadily close in on our 2020 targets. Regulation continues to put pressure on banks to address the challenges of the non-performing exposures on their balance sheets and as we make good progress on our own operational transformation.

Stockholm in April 2019

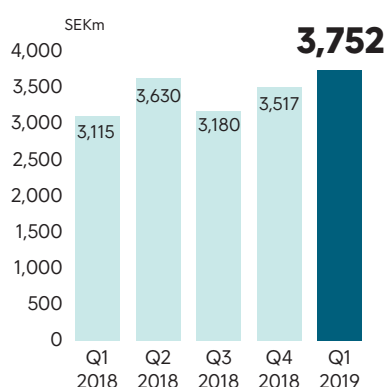
Mikael Ericsson
CEO and President



Group

Development during the first quarter

Revenues



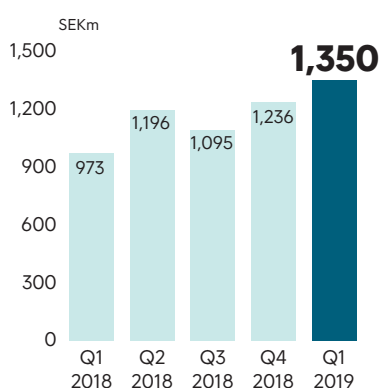
Revenues and operating earnings

Consolidated net revenues for the first quarter increased to SEK 3,752 M (3,115), corresponding to 20 percent, with organic growth accounting for 2 percent, acquisitions for 8 percent, revaluations of portfolios for 1 percent, other items affecting comparability for 6 percent and currency effects for 3 percent. The share of revenue denominated in EUR amounted to 60 percent (58).

Change in revenues, %	Jan–March 2019
Organic growth	2
Mergers & acquisitions	8
Portfolio revaluations	1
Other items affecting comparability	6
Exchange rates	3
Total	20

Consolidated operating earnings, EBIT, for the first quarter improved to SEK 1,347 M (897). EBIT adjusted improved to SEK 1,349 M (973).

EBIT adjusted



Items affecting comparability

EBIT included items affecting comparability of SEK –3 M (–76).

Items affecting comparability in operating income

SEKm	First quarter		Rolling	Full year
	Jan–March 2019	Jan–March 2018	12 months April 2018–March 2019	2018
Positive revaluations of portfolio investments	120	45	870	795
Negative revaluations of portfolio investments	–104	–32	–779	–707
Integration costs Lindorff	–35	–65	–322	–352
Transaction costs for M&A	–90	0	–314	–224
Received compensation for terminated BPO contract	146	0	324	178
Other items affecting comparability	–40	–24	–228	–212
Total items affecting comparability in operating income	–3	–76	–449	–522

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

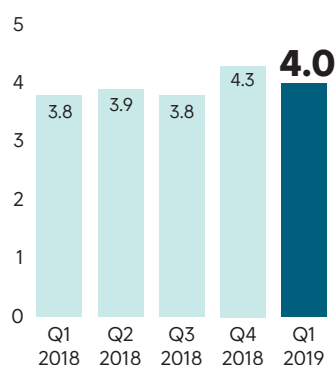
Net financial items

Net financial items for the quarter amounted to SEK –400 M (–323). Net interest amounted to SEK –344 M (–277), whereof SEK –10 M (0) in interest cost on leasing liabilities, exchange rate differences to SEK –18 M (–3) and other financial items to SEK –38 M (–43).

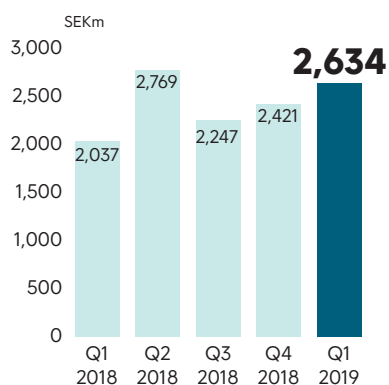
Earnings for the period and taxes

Earnings for the quarter were charged with SEK –208 M (–126) tax, equivalent to an effective tax rate of 22 percent. Accordingly, earnings for the period amounted to SEK 739 M (364), corresponding to earnings per share of SEK 5.63 (2.77) before and after dilution.

Net Debt/Cash EBITDA as per covenant definition



Cash EBITDA as per covenant definition



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	Jan–March 2019	Jan–March 2018	Full year
Cash flow from operating activities	1,352	1,448	6,154
Cash flow from investing activities	–242	5,630	–7,925
Total cash flow from operating and investing activities	1,110	7,078	–1,771
Cash flow from financing activities	–1,132	–5,407	2,227
Cash flow for the period	–22	1,671	456

Over the first quarter, cash flow from operating activities amounted to SEK 1,352 M (1,448).

Balance sheet and financing

SEKm	31 March 2019	31 March 2018	31 Dec 2018
Liquid assets	1,333	2,583	1,348
Portfolio investments total	31,392	22,721	32,261
Client relationships	3,814	2,726	3,670
Goodwill	33,714	31,099	33,055
Other assets	6,587	5,343	5,699
Total assets	76,840	64,472	76,033
Shareholders' equity	26,644	23,632	25,672
Net Debt	41,484	32,043	42,122
Net Debt/Cash EBITDA as per covenant definition	4.0	3.8	4.3

At the end of the quarter, total assets amounted to SEK 77 billion, compared with SEK 76 billion at the end of 2018. Net debt amounts to SEK 42 billion, unchanged since the start of the year.

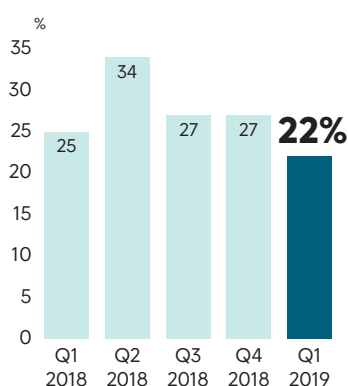
At the end of the quarter, net debt in relation to rolling 12-month adjusted Cash EBITDA amounted to 4.0, compared with 4.3 at the end of 2018.

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, adjusted service line margin



Credit management services

SEKm	First quarter				Rolling 12 months	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	April 2018–March 2019	2018
Adjusted revenues	2,375	2,209	8	4	9,423	9,257
Adjusted service line earnings	515	548	–6	–10	2,456	2,489
Adjusted service line margin, %	22	25	–3 pp		26	27

The development in credit management services was weak in the first quarter. The revenue growth of 8 percent is explained by an organic growth of –8 percent, acquisitions of 12 percent, and currency effects of 4 percent. Intrum's new partnership with Banca Intesa Sanpaolo is in a build-up phase, with the collection volumes being less than expected, although they will increase as previously outsourced volumes are increasingly managed in-house. The size of the platform in Italy means that they have a material impact on the Group as a whole. In addition, start-up costs are relatively high, which will be addressed during the second quarter. At the same time, the decline in revenues continued in Spain, where customer contracts with high margins expired.

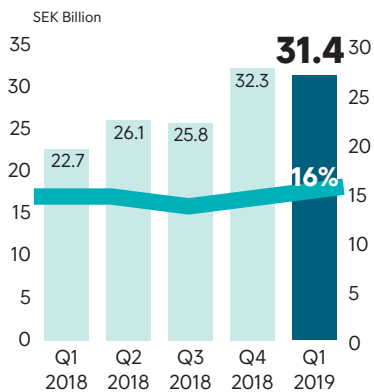
In the first quarter, the Spanish company received a one-off payment from a customer for a contract that was terminated prematurely. SEK 175 M in revenues, and SEK 146 M in service line earnings were recognised as items affecting comparability. Compensation payments for lost contracts which are reported as items affecting comparability could for illustrative purposes be spread out over the originally planned remaining lifetime of the contracts. Doing this would add approximately SEK 150 M revenue and SEK 75 M service line earnings to CMS, improving the adjusted service line margin by one percentage point.

Except for Spain and Italy, the margin in credit management services increased by one percentage point compared with the corresponding period last year as synergies and efficiency-enhancing measures begin to show in earnings, while revenues are increasing in most countries.

Portfolio investments

Portfolio investments comprise acquisitions of portfolios of overdue receivables at less than their nominal value, following 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, carrying value and return



Portfolio investments

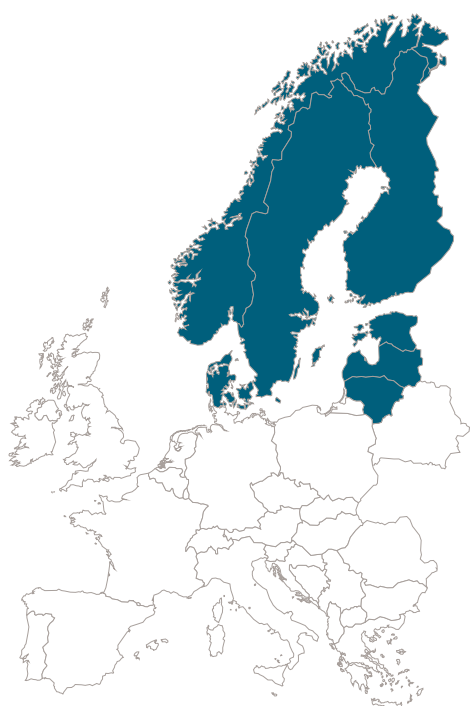
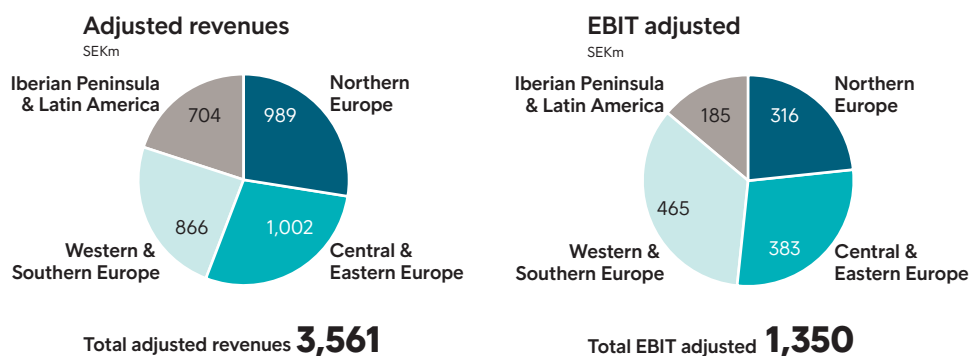
SEKm	First quarter				Rolling 12 months	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	April 2018–March 2019	2018
Adjusted revenues	1,791	1,495	20	15	6,602	6,306
Adjusted service line earnings	1,289	814	58	54	3,991	3,516
Adjusted service line margin, %	72	54	18 pp		60	56

Collections in portfolio investments for the quarter were strong for the whole Group, with a significant increase stemming from Intrum's new Partnership with Banca Intesa Sanpaolo. The return of 16 percent includes the effect of a relatively low initial amortization of the Intesa portfolio, although the rest of the portfolios also have a solid return level 15 percent. The amount invested in the quarter, SEK 1,277 M, was as expected.

Common expenses

Adjusted for items affecting comparability, common expenses were higher than in the preceding year as a result of additional business taxes (besides corporate tax) in one of the Group's companies in the Central and Eastern Europe region and as a result of expenses for building up the management function in the Group's Italian companies. On-going synergies from the integration between Intrum Justitia, and Lindorff partly obscured by currency effects.

Regions



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.

SEKm	First quarter				Rolling 12 months	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	April 2018–March 2019	2018
Adjusted revenues	989	915	8	6	4,076	4,002
EBIT adjusted	316	288	10	7	1,453	1,425
Adjusted EBIT margin, %	32	31	1 pp		36	36
Book value portfolio investments	7,753	6,969	11		7,753	7,567

The region had a strong quarter in all countries and in both service lines. The region continues to focus on collection efficiency to support its generally favourable earnings.



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	First quarter				Rolling 12 months	Full year
	Jan– March 2019	Jan– March 2018	Change %	Fx adjusted %	April 2018– March 2019	2018
Adjusted revenues	1,002	856	17	13	3,827	3,681
EBIT adjusted	383	299	28	24	1,526	1,442
Adjusted EBIT margin, %	38	35	3 pp		40	39
Book value portfolio investments	7,891	7,053	12		7,891	7,789

The region had a strong quarter thanks to a growing portfolio of investments and a maintained level of return. The region continues to focus on collection efficiency to support its generally favourable earnings. Newly acquired units and portfolios are delivering good earnings and further investment opportunities are being pursued throughout the region.



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	First quarter				Rolling 12 months	Full year
	Jan– March 2019	Jan– March 2018	Change %	Fx adjusted %	April 2018– March 2019	2018
Adjusted revenues	866	604	43	40	2,884	2,622
EBIT adjusted	465	138	237	233	991	664
Adjusted EBIT margin, %	54	23	31 pp		34	25
Book value portfolio investments	11,165	4,901	128		11,165	10,443

The region's increased revenues and earnings are largely explained by Intrum's new partnership with Banca Intesa Sanpaolo, where the increase in earnings exceeds the increase in revenues, since the earnings from the portfolio are reported as a participation in a joint venture without including the revenues in consolidated revenues. The earnings from the Intesa portfolio are somewhat higher than forecast, compensating for the collection platform, reported within Credit Management, performing somewhat lower than forecast because servicing volumes have not yet reached full run-rate as the platform is still in a ramp-up phase. In addition, the start-up costs are relatively high, which will be addressed in the second quarter. The forecast for full-year earnings for the combined partnership remains unchanged.

Both service lines are developing well in the other countries in the region.



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	First quarter				Rolling	Full year
	Jan– March 2019	Jan– March 2018	Change %	Fx adjusted %	12 months April 2018– March 2019	2018
Adjusted revenues	704	727	–3	–7	2,803	2,826
EBIT adjusted	185	248	–25	–30	906	969
Adjusted EBIT margin, %	26	34	– 8 pp		32	34
Book value portfolio investments	4,583	3,798	21		4,583	6,462

The region's revenues and operating earnings are declining significantly as a result of customer contracts with relatively high margins being terminated in the second and fourth quarters of 2018.

Following the end of the quarter, the acquisition of Solvia from Sabadell was completed in accordance with the announcement issued in the fourth quarter. The acquisition brings in increasing volumes to the Group's Spanish operations. The integration will be conducted without delay to quickly achieve the planned level of efficiency in the operations.

In the first quarter of 2019, the Spanish company received a one-off payment from a customer for another contract which was terminated prematurely. SEK 175 M in revenues, and SEK 146 M in service line earnings were recognised as items affecting comparability. If the compensation payment in 2019 and the one received in 2018 had been spread over the remaining lifetimes of the lost contracts, adjusted EBIT in the first quarter 2019 would have been approximately SEK 75 M higher.

The region's operating activities involving unsecured consumer portfolios and credit management services for external customers are progressing well but are overshadowed by the effects of lost acquired customer contracts.

Financial reports

Consolidated income statement

SEK m	First quarter		Rolling 12 months	Full year
	Jan–March 2019	Jan–March 2018	April 2018– March 2019	2018
Revenues from clients	2,137	1,644	7,733	7,240
Revenue on Portfolio investments calculated using the effective interest method	1,599	1,458	6,255	6,114
Positive revaluations of Portfolio investments	120	45	870	795
Negative revaluations of Portfolio investments	–104	–32	–779	–707
Total revenue	3,752	3,115	14,079	13,442
Cost of sales	–2,136	–1,718	–7,787	–7,369
Gross earnings	1,616	1,397	6,292	6,073
Sales, marketing and administrative expenses	–629	–500	–2,330	–2,201
Participation in joint ventures	360	0	466	106
Operating earnings (EBIT)	1,347	897	4,428	3,978
Net financial items	–400	–323	–1,440	–1,363
Earnings before tax	947	574	2,988	2,615
Tax	–208	–126	–681	–599
Net income from continuing operations	739	448	2,307	2,016
Profit from discontinued operations, net of tax	0	–84	11	–73
Net earnings for the period	739	364	2,318	1,943
<i>Of which attributable to:</i>				
Parent company's shareholders	726	364	2,298	1,936
Non-controlling interest	13	0	20	7
Net earnings for the period	739	364	2,318	1,943
Average no of shares before and after dilution, '000	131,291	131,541	131,291	131,391
Earnings per share before and after dilution				
Profit from continuing operations, SEK	5.63	3.41	17.66	14.73
Profit from discontinued operations, SEK	0.00	–0.64	0.00	–0.56
Total earnings per share before and after dilution, SEK	5.63	2.77	17.66	14.18

Consolidated statement of comprehensive income

SEKm	First quarter		Rolling 12 months	Full year
	Jan–March 2019	Jan–March 2018	April 2018– March 2019	2018
Net income for the period	739	364	2,318	1,943
<i>Other comprehensive income, items that will be reclassified to profit and loss:</i>				
Currency translation difference	363	779	131	547
<i>Other comprehensive income, items that will not be reclassified to profit and loss:</i>				
Remeasurement of pension liability	0	0	6	6
Comprehensive income for the period	1,102	1,143	2,455	2,496
<i>Of which attributable to:</i>				
Parent company's shareholders	1,089	1,143	2,432	2,486
Non-controlling interest	13	0	23	10
Comprehensive income for the period	1,102	1,143	2,455	2,496

Consolidated balance sheet

SEKm	31 March 2019	31 March 2018	31 Dec 2018
ASSETS			
Intangible fixed assets			
Goodwill	33,714	31,099	33,055
Capitalized expenditure for IT development and other intangibles	473	448	456
Client relationships	3,814	2,726	3,670
Total intangible fixed assets	38,001	34,273	37,181
Tangible fixed assets			
Right- of use assets	696	–	–
Investment property	2	0	256
Other tangible fixed assets	229	247	237
Total tangible fixed assets	927	247	493
Other fixed assets			
Shares in joint ventures	5,477	0	4,746
Other shares and participations	1	7	1
Portfolio investments	25,628	22,598	24,830
Deferred tax assets	527	707	620
Other long-term receivables	32	153	33
Total other fixed assets	31,665	23,465	30,230
Total fixed assets	70,593	57,985	67,904
Current Assets			
Accounts receivable	803	758	719
Inventory of real estate	285	123	2,429
Client funds	1,022	959	917
Tax assets	233	406	273
Other receivables	1,543	1,018	1,553
Prepaid expenses and accrued income	1,028	640	890
Cash and cash equivalents	1,333	2,583	1,348
Total current assets	6,247	6,487	8,129
TOTAL ASSETS	76,840	64,472	76,033

Consolidated balance sheet, cont.

SEKm	31 March 2019	31 March 2018	31 Dec 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	24,755	23,629	23,666
Attributable to non-controlling interest	1,889	3	2,006
Total shareholders' equity	26,644	23,632	25,672
Long-term liabilities			
Liabilities to credit institutions	5,815	0	6,534
Bond loans	33,761	33,417	33,254
Long-term leasing liabilities	435	–	–
Other long-term liabilities	395	410	395
Provisions for pensions	262	189	263
Other long-term provisions	6	10	5
Deferred tax liabilities	1,804	1,255	1,729
Total long-term liabilities	42,478	35,281	42,180
Current liabilities			
Liabilities to credit institutions	6	84	296
Bond loans	1,000	1,000	1,000
Commercial paper	1,973	50	2,123
Client funds payable	1,022	959	917
Accounts payable	567	532	488
Income tax liabilities	200	396	241
Advances from clients	62	77	59
Short-term leasing liabilities	262	–	–
Other current liabilities	637	663	852
Accrued expenses and prepaid income	1,973	1,621	2,056
Other short-term provisions	16	177	149
Total current liabilities	7,718	5,559	8,181
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	76,840	64,472	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
Divestment of shares in company with non-controlling interest		-130	-130			0
Comprehensive income for the period	1,089	13	1,102	1,143		1,143
Closing Balance, March 31	24,755	1,889	26,644	23,629	3	23,632

Consolidated cash flow statement

SEKm	First quarter		Full year
	Jan–March 2019	Jan–March 2018	2018
Cash flows from continuing operations			
Operating activities			
Operating earnings (EBIT)	1,347	897	3,978
Depreciation/amortization and impairment write-down	288	177	900
Amortization/reevaluation of purchased debt	980	874	3,854
Other adjustment for items not included in cash flow	-395	17	-351
Interest received	6	12	60
Interest paid	-532	-515	-1,244
Other financial expenses paid	-28	110	-42
Income tax paid	-113	-124	-590
Cash flow from operating activities before changes in working capital	1,553	1,448	6,565
Changes in factoring receivables	4	-20	-67
Other changes in working capital	-205	20	-344
Cash flow from operating activities	1,352	1,448	6,154
Investing activities			
Purchases of tangible and intangible fixed assets	-209	-76	-306
Portfolio investments in receivables and inventory of real estate	-1,509	-1,401	-6,872
Acquisition of subsidiaries and joint ventures	-21	0	-8,587
Liquid assets in acquired/divested subsidiaries	7	-400	-400
Proceeds from divestment of subsidiaries and associated companies	1,488	7,511	7,511
Other cash flow from investing activities	2	-4	729
Cash flow from investing activities	-242	5,630	-7,925
Financing activities			
Borrowings and repayment of loans	-1,132	-5,407	3,533
Repurchase of shares	0	0	-56
Share dividend to parent company's shareholders	0	0	-1,250
Cash flow from financing activities	-1,132	-5,407	2,227
Cash flows from continuing operations	-22	1,671	456
Cash flows from discontinued operations	0	-372	-372
Total change in liquid assets	-22	1,299	84
Opening balance of liquid assets	1,348	1,253	1,253
Exchange rate differences in liquid assets	7	31	11
Closing balance of liquid assets	1,333	2,583	1,348
Thereof liquid assets in discontinued operations	0	0	0
Discontinued operations			
Cash flow from operating activities	0	13	13
Cash flow from investing activities	0	-589	-589
Cash flow from financing activities	0	204	204
Group total			
Cash flow from operating activities	1,352	1,461	6,167
Cash flow from investing activities	-1,378	5,041	-8,514
Cash flow from financing activities	4	-5,203	2,431

Net financial items specification

SEKm	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
Interest income	6	12	-50	54	60
Interest costs	-340	-289	18	-1,296	-1,245
Interest cost on leasing liability according to IFRS 16	-10	0		-10	0
Currency exchange rate differences	-18	-3	500	4	19
Amortization of borrowing costs	-21	-20	5	-83	-82
Commitment fee	-13	-19	-32	-95	-101
Other financial items	-4	-4	0	-14	-14
Total net financial items	-400	-323	24	-1,440	-1,363

Financial overview

SEKm	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
Revenues	3,752	3,115	20	14,079	13,442
Adjusted revenues	3,561	3,102	15	13,590	13,131
Operating income (EBIT)	1,347	897	50	4,428	3,978
EBIT adjusted	1,350	973	39	4,877	4,500
Net earnings	739	364	103	2,318	1,943
Earnings per share, SEK	5.63	2.77	103	17.04	14.18
Return on equity, %	12	6	6 pp	9	8
Equity per share, SEK	188.55	179.63	5	188.55	195.16
Cash flow from operating activities per shares, SEK	10.30	11.01	–6	47.39	48.10
CMS revenues	2,550	2,209	15	9,821	9,480
- thereof external clients	1,945	1,607	21	7,386	7,048
- thereof intercompany revenues	605	602	0	2,435	2,432
Adjusted CMS revenues	2,375	2,209	8	9,423	9,257
- thereof external clients	1,770	1,607	10	6,988	6,825
- thereof intercompany revenues	605	602	0	2,435	2,432
Adjusted service line margin CMS, %	22	25	–3 pp	26	27
Investments in portfolios	1,277	1,373	–7	11,758	11,854
Total carrying value of portfolio investments	31,392	22,721	38	31,392	32,261
- thereof purchased receivables	25,628	22,598	13	25,628	24,830
- thereof joint ventures	5,477	0		5,477	4,746
- thereof real estate	287	123	133	287	2,685
Return on portfolio investments, %	16	15	1 pp	16	15
Amortization percentage, %	38	38	0	39	39
ERC	58,686	46,929	25	58,686	57,382
Cash multiple	1.87	2.08	–10	1.87	1.94
Average number of employees	8,133	8,318	2	7,956	7,910

Quarterly overview

SEKm	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017	Quarter 3 2017	Quarter 2 2017
Revenues	3,752	3,517	3,180	3,630	3,115	3,101	2,986	1,796
Adjusted revenues	3,561	3,441	3,180	3,408	3,102	3,145	2,985	1,755
Operating income (EBIT)	1,347	1,003	838	1,240	897	807	977	476
EBIT adjusted	1,350	1,236	1,095	1,196	973	1,008	1,036	598
Net earnings	739	482	396	701	364	443	615	98
Earnings per share, SEK	5.63	3.70	3.02	5.33	2.77	3.37	4.68	1.32
Return on equity, %	12	8	7	12	6	8	11	3
Equity per share, SEK	188.55	195.16	177.58	176.03	179.63	170.59	166.46	161.12
Cash flow from operating activities per shares, SEK	10.30	13.81	9.25	12.77	11.01	-	-	-
CMS revenues	2,550	2,403	2,217	2,651	2,209	2,251	2,155	1,185
- thereof external clients	1,945	1,776	1,623	2,042	1,607	1,695	1,628	814
- thereof intercompany revenues	605	627	594	609	602	556	627	371
Adjusted CMS revenues	2,375	2,403	2,217	2,428	2,209	2,251	2,155	1,185
- thereof external clients	1,770	1,776	1,623	1,819	1,607	1,695	1,628	814
- thereof intercompany revenues	605	627	594	609	602	556	627	371
Adjusted service line margin CMS, %	22	27	27	34	25	27	28	26
Investments in portfolios	1,277	5,444	927	2,385	1,373	2,784	1,177	835
Total carrying value of portfolio investments	31,392	32,261	25,772	26,102	22,721	21,242	19,096	18,754
- thereof purchased receivables	25,628	24,830	23,914	24,244	22,598	21,149	19,054	18,748
- thereof joint ventures	5,477	4,746	1,703	1,726	0	0	0	0
- thereof real estate	287	2,685	155	132	123	93	42	6
Return on portfolio investments, %	16	15	17	15	15	15	20	17
Amortization percentage, %	38	40	40	39	38	39	39	36
ERC	58,686	57,382	47,874	19,313	46,929	44,603	40,179	21,409
Cash multiple	1.87	1.94	2.00	2.03	2.08	2.10	2.11	2.11
Average number of employees	8,133	7,711	7,571	7,886	7,806	8,349	8,349	4,172

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 shares, 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 1 2019	Quarter 1 2018	Quarter 1 2017	Quarter 1 2016	Quarter 1 2015
Revenues	3,752	3,115	1,551	1,357	1,317
Adjusted revenues	3,561	3,102	1,552	1,403	1,325
Operating income (EBIT)	1,347	897	468	416	331
EBIT adjusted	1,350	973	486	411	339
Net earnings	739	364	347	310	244
Earnings per share, SEK	5.63	2.77	4.77	4.26	3.27
Return on equity, %	12	6	33	38	32
Equity per share, SEK	188.55	179.63	60.65	46.65	42.02
Cash flow from operating activities per shares, SEK	10.30	11.01	9.77	10.09	6.56
Average number of employees	8,133	8,318	4,172	3,751	3,706

Reconciliation of alternative performance measures

SEKm	First quarter		Rolling	Full year
	Jan–March 2019	Jan–March 2018	12 months April 2018– March 2019	2018
Items affecting comparability in revenues				
Positive revaluations of portfolio investments	120	45	870	795
Negative revaluations of portfolio investments	-104	-32	-779	-707
Compensation terminated BPO	175	0	398	223
Total items affecting comparability in revenues	191	13	489	311
Items affecting comparability in operating income				
Positive revaluations of portfolio investments	120	45	870	795
Negative revaluations of portfolio investments	-104	-32	-779	-707
Integration costs Lindorff	-35	-65	-322	-352
Transaction costs for M&A	-90	0	-314	-224
Received compensation for terminated BPO contract	146	0	324	178
Other items affecting comparability	-40	-24	-228	-212
Total items affecting comparability in operating income	-3	-76	-449	-522
Items affecting comparability by income statement line				
Revenues from clients	175	0	398	223
Positive revaluations of portfolio investments	120	45	870	795
Negative revaluations of portfolio investments	-104	-32	-779	-707
Cost of sales	-52	-23	-89	-60
Sales, marketing and administration costs	-142	-66	-849	-773
Total items affecting comparability in operating income	-3	-76	-449	-522
Revaluations of portfolio investments by geographical region				
Northern Europe	-15	14	-52	-23
Central & Eastern Europe	57	23	143	109
Western & Southern Europe	-10	-20	-48	-58
Iberian Peninsula & Latin America	-16	-4	48	60
Total revaluations of portfolio investments	16	13	91	88
Other items affecting comparability by geographical region				
Northern Europe	-17	-24	-101	-108
Central & Eastern Europe	-16	-29	-161	-174
Western & Southern Europe	-108	-24	-462	-378
Iberian Peninsula & Latin America	123	-12	185	50
Total other items affecting comparability	-19	-89	-540	-610
Other items affecting comparability by service line				
Credit Management Services	123	-22	89	-56
Portfolio Investments	0	-1	-3	-4
Common costs	-142	-66	-626	-550
Total other items affecting comparability	-19	-89	-540	-610

Reconciliation of alternative performance measures, cont.

SEKm	First quarter		Rolling	Full year
	Jan–March 2019	Jan–March 2018	12 months April 2018– March 2019	
Adjusted revenue				
Revenues	3,752	3,115	14,079	13,442
Items affecting comparability	–191	–13	–489	–311
Adjusted revenue	3,561	3,102	13,590	13,131
EBIT Adjusted				
Operating income (EBIT)	1,347	897	4,428	3,978
Items affecting comparability	3	76	449	522
Total EBIT Adjusted	1,350	973	4,877	4,500
Portfolio income excluding revaluations				
Portfolio income	1,290	814	3,940	3,464
Revaluations	–16	–13	–91	–88
Portfolio income excluding revaluations	1,274	801	3,849	3,376
Average carrying value				
Average carrying value receivables	25,229	21,874	24,113	22,990
Average carrying value joint ventures	5,126	0	2,753	2,373
Average carrying value real estate	1,357	108	204	145
Total average carrying value	31,712	21,982	27,070	25,508
Return including revaluations	16	15	15	14
Return excluding revaluations	16	15	14	13
Cash EBITDA				
EBIT	1,347	897	4,428	3,978
Participation in joint ventures excl dividend	–320	0	–426	–106
Deprecation	288	177	1,011	900
Amortization on portfolios	996	887	4,051	3,942
Items affecting comparability	3	76	449	522
Other pro forma adjustments	230	0	770	540
Cash EBITDA as per covenant definition	2,544	2,037	10,283	9,776
Net debt				
Liabilities to credit institutions	5,821	84	5,821	6,830
Bond loans	34,761	34,417	34,761	34,254
Provisions for pensions	262	189	262	263
Commercial paper	1,973	50	1,973	2,123
Other interest-bearing liabilities	0	4	0	0
Cash and cash equivalents	–1,333	–2,583	–1,333	–1,348
Other interest-bearing receivables	0	–118	0	0
Net debt at end of period	41,484	32,043	41,484	42,122
Net debt/Dash EBITDA as per covenant definition	4.0	3.8	4.0	4.3

Operating segments

Service lines

Revenues	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018–March 2019	
SEKm					2018
Credit Management Services	2,550	2,209	15	9,821	9,480
Portfolio Investments	1,807	1,508	20	6,693	6,394
Elimination of intercompany transactions	-605	-602	0	-2,435	-2,432
Total revenues	3,752	3,115	20	14,079	13,442

Service line earnings	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018–March 2019	
SEKm					2018
Credit Management Services	638	526	21	2,545	2,433
Portfolio Investments	1,305	826	58	4,079	3,600
Common costs	-596	-455	31	-2,196	-2,055
Total service line earnings	1,347	897	50	4,428	3,978

Adjusted revenues	First quarter				Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	12 months April 2018–March 2019	
SEKm						2018
Credit Management Services	2,375	2,209	8	4	9,423	9,257
Portfolio Investments	1,791	1,495	20	15	6,602	6,306
Elimination of intercompany transactions	-605	-602	0		-2,435	-2,432
Total adjusted revenues	3,561	3,102	15	11	13,590	13,131

Adjusted service line earnings	First quarter				Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	12 months April 2018–March 2019	
SEKm						2018
Credit Management Services	515	548	-6	-10	2,456	2,489
Portfolio Investments	1,289	814	58	54	3,991	3,516
Common costs	-454	-389	17	13	-1,570	-1,505
Total adjusted service line earnings	1,350	973	39	34	4,877	4,500

Service line margin adjusted	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018–March 2019	
%					2018
Credit Management Services	22	25	-3 pp	26	27
Portfolio Investments	72	54	18 pp	60	56
Adjusted EBIT margin	37	31	6 pp	36	34

Regions

Revenues from external clients	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
SEKm					
Northern Europe	974	929	5	4,025	3,980
Central & Eastern Europe	1,059	879	20	3,970	3,790
Western & Southern Europe	856	584	47	2,836	2,564
Iberian Peninsula & Latin America	863	723	19	3,249	3,109
Total revenues from external clients	3,752	3,115	20	14,079	13,442

Intercompany revenues	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
SEKm					
Northern Europe	86	79	9	343	336
Central & Eastern Europe	190	180	6	747	737
Western & Southern Europe	99	82	21	389	372
Iberian Peninsula & Latin America	75	179	-58	163	267
Elimination	-450	-520	-13	-1,642	-1,712
Total intercompany revenues	0	0		0	0

Revenues from clients excluding portfolio revenues	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
SEKm					
Northern Europe	656	613	7	2,693	2,650
Central & Eastern Europe	255	228	12	1,043	1,016
Western & Southern Europe	575	314	83	1,722	1,461
Iberian Peninsula & Latin America	651	489	33	2,275	2,113
Total revenues from clients excluding portfolio revenues	2,137	1,644	30	7,733	7,240

Operating income (EBIT)	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	2018
SEKm					
Northern Europe	284	278	2	1,300	1,294
Central & Eastern Europe	424	293	45	1,508	1,377
Western & Southern Europe	347	94	269	481	228
Iberian Peninsula & Latin America	292	232	26	1,139	1,079
Total Operating income (EBIT)	1,347	897	50	4,428	3,978
Net financial items	-400	-323	24	-1,440	-1,363
Earnings before tax	947	574	65	2,988	2,615

Carrying value portfolio investments	First quarter			Full year
	Jan–March 2019	Jan–March 2018	Change %	2018
SEKm				
Northern Europe	7,753	6,969	11	7,567
Central & Eastern Europe	7,891	7,053	12	7,789
Western & Southern Europe	11,165	4,901	128	10,443
Iberian Peninsula & Latin America	4,583	3,798	21	6,462
Total carrying value at end of period	31,392	22,721	38	32,261

Regions

Adjusted revenues	First quarter				Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	12 months April 2018– March 2019	
SEKm						2018
Northern Europe	989	915	8	6	4,076	4,002
Central & Eastern Europe	1,002	856	17	13	3,827	3,681
Western & Southern Europe	866	604	43	40	2,884	2,622
Iberian Peninsula & Latin America	704	727	–3	–7	2,803	2,826
Total adjusted revenues	3,561	3,102	15	11	13,590	13,131

EBIT adjusted	First quarter				Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	Fx adjusted %	12 months April 2018– March 2019	
SEKm						2018
Northern Europe	316	288	10	7	1,453	1,425
Central & Eastern Europe	383	299	28	24	1,526	1,442
Western & Southern Europe	465	138	237	233	991	664
Iberian Peninsula & Latin America	185	248	–25	–30	906	969
Total EBIT adjusted	1,350	973	39	34	4,877	4,500

EBIT margin adjusted	First quarter			Rolling	Full year
	Jan–March 2019	Jan–March 2018	Change %	12 months April 2018– March 2019	
%					2018
Northern Europe	32	31	2	36	36
Central & Eastern Europe	38	35	9	40	39
Western & Southern Europe	54	23	135	34	25
Iberian Peninsula & Latin America	26	34	–23	32	34
Adjusted EBIT margin	38	31	21	36	34

Income statement – parent company

SEKm	First quarter		Full year
	Jan–March 2019	Jan–March 2018	2018
Revenues	52	43	215
Gross earnings	52	43	215
Sales and marketing expenses	–6	–14	–46
Administrative expenses	–198	–238	–726
Operating earnings (EBIT)	–152	–209	–557
Income from subsidiaries	0	1,643	2,008
Exchange rate differences on monetary items classified as expanded investment	396	874	731
Net financial items	–120	–94	–516
Earnings before tax	124	2,214	1,666
Tax	0	0	–191
Net earnings for the period	124	2,214	1,475

Statement of comprehensive income – parent company

SEKm	First quarter		Full year
	Jan–March 2019	Jan–March 2018	2018
Net earnings for the period	124	2,214	1,475
Other comprehensive income: Change of translation reserve (fair value reserve)	–899	–1,516	–1,320
Total comprehensive income	–775	698	155

Balance sheet – parent company

SEKm	31 March 2019	31 March 2018	31 Dec 2018
ASSETS			
Fixed assets			
Intangible fixed assets	55	12	43
Tangible fixed assets	11	0	5
Financial fixed assets	53,567	51,905	54,969
Total fixed assets	53,633	51,917	55,017
Current assets			
Current receivables	10,860	7,297	11,751
Cash and cash equivalents	861	1,665	251
Total current assets	11,721	8,962	12,002
TOTAL ASSETS	65,354	60,879	67,019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	15,388	18,008	16,162
Total shareholders' equity	15,673	18,293	16,447
Long-term liabilities	42,552	37,227	42,995
Current liabilities	7,129	5,359	7,577
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	65,354	60,879	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 52 M (43) for the quarter and earnings before tax of SEK 124 M (2,214). Earnings for the first quarter of 2018 included the Parent Company's gains on disposals of subsidiaries, which corresponded amounts differing from the earnings in the consolidated accounts. The Parent Company invested SEK 21 M (6) in fixed assets during the quarter and had, at the end of the quarter, SEK 861 M (1,665) in cash and cash equivalents. 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 year-end report.

The Group applies IFRS 16 Leases as of 2019. See also Note 1 in the 2018 Annual Report. The principal effects on Intrum's accounting are 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 annually), 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.

Transactions with related parties

During the quarter, there have been no significant transactions between Intrum Justitia 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 ground work has now been done to enable us to start the execution of our production transformation program in our credit management operations. Intrum will gradually centralize, standardize 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.

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.

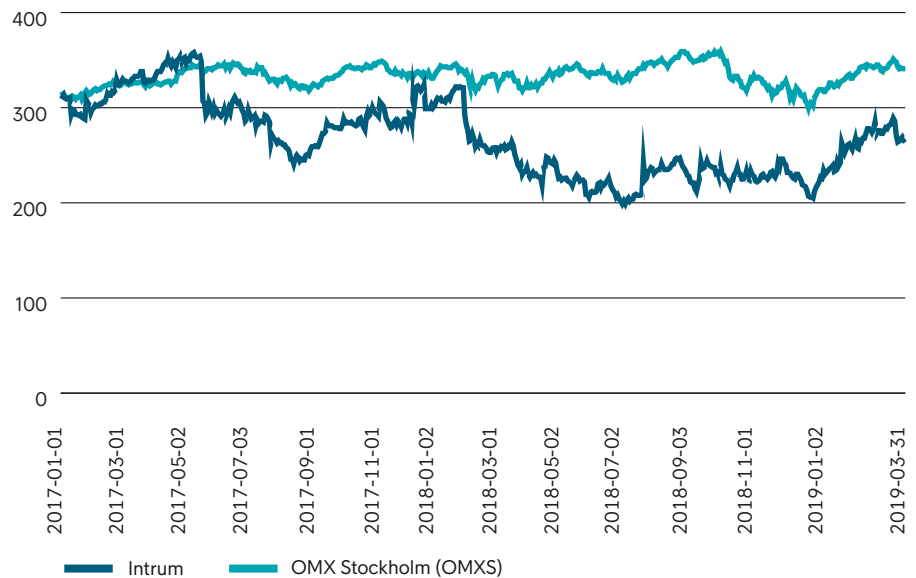
Acquisitions and divestments

During the quarter, Intrum divested to a co-investor half of the shares in the company holding the properties that Intrum acquired from Ibercaja Banco SA in December 2018. The price for the shares was SEK 352 M. Intrum will continue to report the holding as a joint venture.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 January - 31 March 2019, 22,776,550 shares were traded for a total value of SEK 5,897 M, corresponding to 17 percent of total number of shares at the end of the period. The highest price paid during the period 1 January to 31 March 2019 was SEK 290.80 (19 March) and the lowest was SEK 202.30 (2 January). On 31 March 2019, the price was SEK 267.00 (latest paid). During the period from 1 January to 31 March 2019, Intrum's share price rose by 30 percent, while Nasdaq OMX Stockholm rose by 12 percent.

Share price



Shareholders

	No of shares	Capital and Votes, %
31 March 2019		
Nordic Capital	57,728,956	44.0
Sampo Oyj	6,864,969	5.2
NN Investment Partners	6,196,771	4.7
Handelsbanken Fonder	4,013,678	3.1
Swedbank Robur Fonder	2,837,486	2.2
Lannebo Fonder	2,722,246	2.1
AMF Försäkring & Fonder	2,571,940	2.0
Jupiter Asset Management	2,485,481	1.9
Vanguard	2,270,239	1.7
Odin Fonder	2,119,730	1.6
BNP Paribas Asset Management	1,922,236	1.5
AFA Försäkring	1,492,971	1.1
TIAA - Teachers Advisors	1,252,439	1.0
Investment AB Öresund	1,246,207	0.9
Nordnet Pensionsförsäkring	1,187,837	0.9
Total, fifteen largest shareholders	96,913,186	73.8
Total number of shares:	131,291,320	

Source: Modular Finance Holdings and Intrum

Treasury shares, 250,000 shares, are not included in the total number of shares outstanding. Swedish ownership accounted for 23.8 percent (institutions 6.2 percentage points, mutual funds 11.6 percentage points, retail 6.0 percentage points)

Currency exchange rates

31 March 2019	End of period 31 March 2019	End of period 31 March 2018	Average Q1 2019	Average Q1 2018
1 EUR=SEK	10.40	10.28	10.42	9.96
1 CHF=SEK	9.31	8.72	9.20	8.55
1 NOK=SEK	1.07	1.06	1.07	1.03
1 HUF=SEK	0.0324	0.0329	0.0328	0.0320

Events after the balance sheet date

After the end of the quarter, Intrum achieved the necessary regulatory approvals and as of 23 April the acquisition from Banco Sabadell of Solvia Servicios Inmobiliarios (Solvia) was completed, in accordance with the announcement in December 2018. The transaction entails Intrum acquiring 80 percent of the shares in Solvia, whereas Sabadell retains 20 percent. Solvia is a leading supplier of real estate services in Spain. Since the agreement was signed in December, continued discussions with Banco Sabadell have brought additional comfort regarding the commercial value of the deal and a deeper partnership. The price for the shares is based on an enterprise value of around EUR 300 M. The purchase price analysis has not been completed.

For further information, please contact

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Thomas Moss, Investor relations, tel: +46 8 546 102 02,

Danko Maras is the contact under the EU Market Abuse Regulation.

Reference to the EU Market Abuse Regulation

The information in this interim report is such that Intrum AB (publ) is required to publish under the EU Market Abuse Regulation. The information was released, through the auspices of the contact persons mentioned above, for publication on April 26, 2019 at 7:00 a.m. CET.

Financial calendar 2019

July 18, 2019, Interim report for the second quarter

October 23, 2019, Interim report for the third quarter

January 29, 2020, Year-end report 2019

The 2019 Annual General Meeting of Intrum will be held today, April 26, 2019 at 3.00 p.m. CET at the Company's offices at Hesselmanns torg 14, Nacka, Sweden.

Interim reports and other financial information are available at Intrum Justitia's website: www.intrum.com

Denna delårsrapport finns även på svenska.

Stockholm, 26 April 2019

Mikael Ericson

President and CEO

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

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.

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 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 2017, the company generated pro-forma revenues amounted to 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.

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