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Press release

Update on the impact of Covid-19 on Intrum's business

Against the background of the spread of Covid-19 and the current global situation, Intrum would like to provide an update.

Intrum's business operations

Intrum is present in 24 markets in Europe, and the effects of Covid-19 vary from market to market. To date, countries in southern Europe have been hardest hit by the ongoing virus outbreak, which has affected all aspects of society. Intrum's Strategic Markets business line is experiencing delays in cash flows due to general restrictions brought in across countries and reduced activity in legal systems in particular. The secured assets relating to the cash flows however remain. In other European markets however, the effect on Intrum's activities has been relatively limited.

Intrum's broad geographical presence and different client solutions create a high degree of diversification that, together with strong underlying cash flow, contribute to limited operational impact to Intrum's operations overall. For example, we estimate that around 85 per cent of total collection amounts in our portfolio activities are generated via automated and online payments, and that 73 per cent of our total collection amounts is generated without the involvement of legal proceedings.

For some time now, Intrum has taken extensive steps to ensure that we are able to continue to conduct business. This involves, among other things, ensuring that the majority of our approximately 10,000 employees can work from home using secure connections directly into our production system. This has been made possible, in part, by a group-wide quality-assured outsourced IT platform.

Good liquidity and stable cash flow

Global events related to the spread of Covid-19 are expected to have negative impacts on the company's productivity and results for a limited period of time. Our preliminary assessment is that reported earnings will be affected to a greater extent than cash EBITDA, but it is currently too early to quantify the financial effects.

As previously communicated, we have decided to reduce our rate of investment and increase the yield requirements on new portfolio investments while also to a very

limited extent review M&A projects. Reduced M&A activity and lower investment in portfolio activities frees up a greater degree of cash flow in the business.

In 2019, we successfully refinanced a large proportion of our loans at favourable terms and conditions, while also extending their maturities. This means that we have limited levels of debt that are due in 2020 and 2021, and that these can be honoured, inter alia, by our credit facilities that amount to a total of EUR 2.0 billion, of which EUR 1.7 billion is currently available given restrictions related to the bond facilities. As of March 20, EUR 661 million had been used, in addition to which Intrum has EUR 202 million in bank deposits.

Intrum's financial position is strong with good liquidity and stable cash flow, which provides a firm foundation on which to face continued global uncertainty. This combined with a reduced investment pace creates great financial flexibility.

Revised targets

As previously communicated, our 2020 business plan required flawless execution to be achievable. Given Covid-19's impact on our business, we no longer consider that the necessary conditions are in place to achieve these goals. We will announce updated financial targets at our capital markets day that we plan to hold in the autumn.

"2020 has started in ways that neither I nor many others could have anticipated. What is happening will have consequences for virtually every business worldwide, and places considerable demands on us at a time when clients and individuals are experiencing extreme uncertainty about the global outlook. At Intrum, we have adapted to protect our employees' safety and wellbeing, and limit Covid-19's impact on both our and our clients' operations. At times like these, our values – Empathy and Ethics – are more important than ever and in this spirit, we have developed additional guidelines to ensure that we are responsive to our end-customers," says Mikael Ericson, Intrum's President and CEO.

"Although operating results for the first and second quarters will be lower than our previous internal expectations, we anticipate what is happening now will create substantially larger business volumes to work with in the latter part of 2020 and the years ahead," Ericson adds.

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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 circa 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2019, revenues amounted to SEK 16.0 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.

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