



Interim report

Second quarter 2020

Second quarter, April–June 2020

- Revenue increased to SEK 3,885 M (3,784) and adjusted revenue increased to SEK 3,882 M (3,780).
- Operating earnings amounted to SEK 1,348 M (1,475), affected by items affecting comparability of SEK 3 M (–86).
- EBIT adjusted decreased to SEK 1,345 M (1,561). The operating margin for the quarter was 35 percent (39) and the adjusted operating margin was 35 percent (41).
- Cash flow from operating activities increased to SEK 2,899 M (1,897) and available liquidity at the end of the quarter amounted to SEK 11 billion. The leverage ratio fell to 4.4x (4.5) end of quarter, supported by strong operating cash flow generation while dividends and share buybacks reduced the cash flow by SEK 2.6 billion.
- For the Credit Management Services segment, the margin decreased to 24 percent (26), while the adjusted margin decreased to 24 percent (26). For Strategic Markets, the margin decreased to 27 percent (34) and the adjusted margin decreased to 27 percent (35).
- The return on portfolio investments (ROI) was 11 percent (15) for the quarter. Adjusted for positive portfolio revaluations of SEK 3 M, the return was 11 percent (15). Portfolio investments for the quarter amounted to SEK 1,267 M (1,436).
- Net earnings for the quarter amounted to SEK 671 M (879), and earnings per share were SEK 5.39 (6.26).

As of 1 January 2020, Intrum report on three segments, these being Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain). At the same time, the previous segmentation into four geographical regions is being discontinued.

	Second quarter			6 months			Rolling	Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	July 2018–June 2019	2019
SEK m, unless otherwise indicated								
Revenues	3,885	3,784	3	7,218	7,536	–4	15,668	15,985
Adjusted revenue	3,882	3,780	3	7,852	7,341	7	16,291	15,780
Operating earnings (EBIT)	1,348	1,475	–9	1,807	2,822	–36	1,045	2,060
EBIT adjusted	1,345	1,561	–14	2,440	2,911	–16	5,737	6,208
Earnings per share, SEK	5.39	6.26	–14	4.81	11.79	–59	–9.85	–2.76
Cash flow from operating activities	2,899	1,897	53	5,167	3,249	59	8,311	6,392
Adjusted segment earnings Credit Management Services	383	460	–17	803	872	–8	1,724	1,793
Adjusted segment earnings Strategic Markets	345	337	2	447	440	2	1,125	1,118
Adjusted segment earnings Portfolio Investments	1,003	1,214	–17	2,040	2,503	–18	4,484	4,947
Portfolio investments	1,267	1,436	–12	2,917	2,713	8	7,528	7,324
Carrying value portfolio investments	34,945	32,377	8	34,945	32,377	8	34,945	35,429
Return on portfolio investments, ROI, %	11	15		8	15		11	15
Adjusted return on portfolio investments, ROI, %	11	15		11	15		13	15
Cash EBITDA	2,709	2,670	1	5,342	4,984	7	11,246	11,444
Net Debt/RTM Cash EBITDA							4.4	4.3

Comment by the President and CEO

Faster recovery and tight cost control

2020 has evolved in ways that we could not have foreseen at the beginning of the year, but thanks to the successful operational changes and adjustments we made as the Covid-19 pandemic broke out, Intrum was able to support its clients effectively throughout the first six months of the year. The defining feature of the second quarter was that the majority of the countries where we are active gradually started to open up again, and at the time of writing all of Intrum's offices are open. We continue to follow developments closely and are prepared to adjust our operations and ways of working if necessary.

In southern Europe in particular, the reopening of societies progressed at a faster rate than we expected at the beginning of May, when we published our first quarter results. Meanwhile, collections in our Portfolio Investments segment during the second quarter performed stronger than our forecast, in addition to which, we have maintained a tight control of costs. These three factors combined contributed to a better performance in the second quarter than we anticipated at the end of the first quarter, which we also communicated in our market update on July 10th.

Stable earnings and strong cash flow

Group revenues amounted to SEK 3,885M (3,784). Revenues benefitted in part from our operations in Greece, which we consolidated in the fourth quarter of 2019. Conversely, we saw a softening of group organic revenues, which decreased 7 per cent compared to the same period last year. Operating income for the quarter amounted to SEK 1,345M (1,475).

Cash flow from operating activities was strong, increasing 53 per cent to SEK 2,899M (1,897). Our cash EBITDA amounted to SEK 2,709M (2,670), corresponding to a one per cent year-on-year increase. Net debt ratio amounted to 4.4x, which compares to 4.5x at the end of first quarter. During the second quarter, dividend payments and share buybacks increased net debt at the same time as the strengthening of the Swedish krona reduced net debt by a corresponding amount.

During the quarter, we repaid SEK 1,1 billion in maturities which was financed with existing credit facilities and new issues of commercial papers amounting to SEK 0,4 billion. Intrum's financial position continues to remain strong and at the end of the quarter, we had available liquidity of SEK 11 billion. At the same time, we have limited debt volumes that are due in 2020 and 2021. This creates good conditions for interesting portfolio investment opportunities that we anticipate will emerge in 2021, based on our pipeline and ongoing discussions with our clients. The investments we have made to date since the outbreak of Covid-19 have resulted in materially higher underwriting returns compared to pre Covid-19, an increase that markedly surpasses the increase in refinancing costs.

Stable quarter in Credit Management Services

The Credit Management Services segment registered stable performance in the period and reported an operating result of SEK 383M (448). Second quarter results were positively impacted by the previous year's efficiency programme while being held back by lower business volumes. This was due to some clients introducing temporary easing of payment terms for their customers. We see this as a delay rather than a loss of business volumes and we expect a recovery by the end of 2020 and into next year. This view is supported by a number of ongoing conversations we are having with our clients.

Adjusted operational margin in Credit Management Services amounted to 24 per cent (26), with the reduction primarily due to lower business volumes' impact on profitability.

“Collections in our Portfolio Investments segment during the second quarter performed stronger than our forecast.”

Faster recovery in Strategic Markets

Strategic Markets (Greece, Italy, and Spain) performed considerably better than expectations, reporting an operating income of SEK 345M (337). Results were positively affected by these three countries' legal systems opening up in May and June. Results were also buoyed by strict internal cost controls. The second quarter is typically strong, while the third quarter includes the holiday period during which business activity in these countries is more modest.

Stronger collections than expected in Portfolio Investments

The Portfolio Investments segment reported operating income of SEK 1,006M (1,215). This decrease is primarily due to the weaker performance of our Italian SPV portfolio, which resulted in participations in joint ventures decreasing to SEK 102M (315).

Group cash collections amounted to 111 per cent of our Covid-19-adjusted forecast and 92 per cent of our forecast made prior to Covid-19. This stability highlights the benefits of having a diversified business in 25 countries, and the resilience of our business model where around 85 per cent of collected amounts in our loan portfolios are generated from automated and online payments, respectively.

Portfolio Investments amounted to SEK 1.3 billion SEK (1.4) in the quarter, with a substantially better than expected return level compared to both before Covid-19 and the first quarter of 2020.

Covid-19 has affected 4 out of 10 European jobs

In June, Intrum published two separate reports that focused on how Covid-19 has affected businesses and consumers in Europe. Almost 10,000 companies in 29 countries and 5,000 private individuals in 24 countries were asked how the spread of the pandemic had affected their financial situation. The results of the surveys confirm that the dramatic falls in GDP have hit companies' income and have had a strongly negative impact on liquidity and cash flow. 4 out of 10 Europeans have had their jobs affected in some way, which has in turn reduced disposable income in many households. As is so often the case, it is groups in society facing the tightest of financial margins, such as families with small children and the young, who are most affected. It is times like these that serve as a stark reminder of the importance of improved education around private economy, especially for the young.

It is vital that the wheels of European economies start to turn again. Quick and decisive action from the EU, individual states, and central banks in the face of challenging circumstances has therefore been welcomed. Intrum's role in promoting a sound societal economy is based on close dialogue with our clients to identify solutions to support their customers to find payment methods that are personalised and results-based for all parties. Maintaining our aim of "leading the way to a sound economy" and focusing on value creation for our various stakeholder groups lie at the heart of our sustainability agenda.

Dedicated employees

There is no doubt that 2020 has unfolded in unexpected and challenging ways, and I am both enormously proud and hugely impressed about how Intrum's employees have dealt with the first six months of the year. Given the extraordinary situation, I am satisfied with our results in the first half of the year. Intrum's annual employee survey was carried out in May and shows both stronger engagement and team efficiency compared to the previous year. I see this as a result of how the pandemic has seen our managers and colleagues strengthen internal dialogue and collaboration, and thereby also engagement.

We continue to support and interact with our clients and end-customers, even if more digitally and virtually than is normally the case. At the same time, we have accelerated our internal transformation agenda in where we continue on harmonising and centralising processes, systems, and approaches. As the largest and leading company in our sector, we have unique opportunities to become more competitive by working more efficiently and meeting our clients in co-ordinated ways. We will share more about this, along with revised financial targets, in conjunction with our capital markets day that we plan to hold in the fourth quarter of this year.

Stockholm, July 2020

Mikael Ericson
President and CEO



"Intrum's role in promoting a sound societal economy is based on close dialogue with our clients to identify solutions to support their customers to find payment methods that are personalised and results-based for all parties."

Group overview

Development during the second quarter

Revenues and operating earnings

Consolidated revenues for the second quarter increased to SEK 3,885 M (3,784), corresponding to a 3 percent increase, with organic growth accounting for –7 percent, acquisitions for 12 percent and currency effects for –2 percent. The share of revenue denominated in EUR amounted to 61 percent (60).

Consolidated operating earnings (EBIT) for the second quarter amounted to SEK 1,348 M (1,475), charged with items affecting comparability of SEK 3 M (–86). The adjusted operating earnings, excluding items affecting comparability, decreased to SEK 1,345 M (1,561).

Items affecting comparability

Operating earnings for the quarter included items affecting comparability of SEK 3 M (–86).

Net financial items

Net financial items for the quarter amounted to SEK –482 M (–348). Net interest amounted to SEK –423 M (–352), exchange rate differences to SEK 3 M (–50) and other financial items to SEK –62 M (–46).

Earnings for the period and taxes

The tax expense for the quarter amounted to 22.5 percent of earnings before tax. Accordingly, earnings for the quarter amounted to SEK 671 M (879), corresponding to earnings per share of SEK 5.39 (6.26) before and after dilution.

The company'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

Cash flow from operating activities during the second quarter amounted to SEK 2,899 M (1,897). The increase is largely due to a positive change in working capital.

During the quarter, the company repurchased 4,790,402 shares through a program extending from 1 April 2020 to 15 April 2020. In accordance with the resolution by the Annual General Meeting, 9,829,402 shares were withdrawn on 2 June 2020.

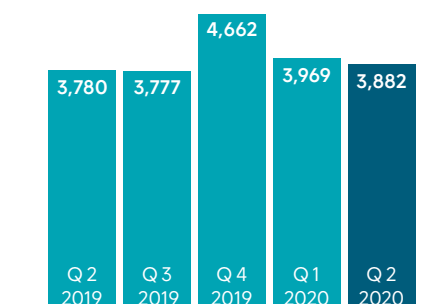
The company already held 600,000 shares, now constituting the company's entire holding of treasury shares, corresponding to 0.49 percent of the total number of shares and votes in the company. In the future, these 600,000 shares may be transferred to meet commitments under incentive programmes for company management. No dilution effect has been calculated for these shares.

Assets and financing

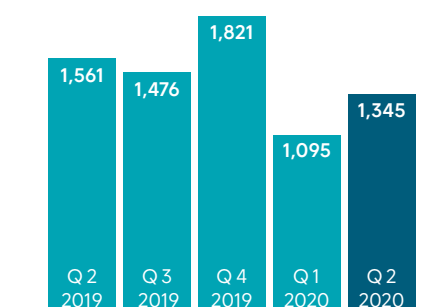
At the end of the quarter, total assets amounted to SEK 85 billion, compared with SEK 86 billion at the end of 2019. Net debt amounted to SEK 49.7 billion, up SEK 0.6 billion since the start of the year, despite share repurchases and dividends totaling SEK 2.5 billion. Net debt in relation to rolling 12-month adjusted Cash EBITDA amounted to 4.4, compared with 4.3 at the end of 2019.

During the quarter, Intrum repaid SEK 1.1 billion on commercial papers issued previously, paying these in cash and with borrowings within Intrum's credit facility. At the end of the quarter, SEK 9.2 billion of Intrum's credit facility had been utilised, an increase of SEK 1.8 billion compared with the first quarter.

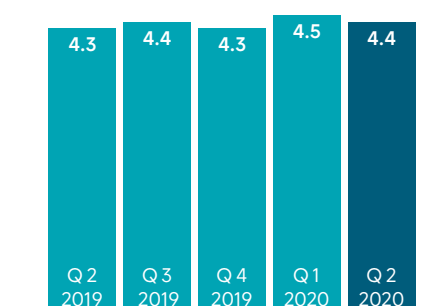
Adjusted revenues, SEKm



Adjusted EBIT, SEKm



Net Debt/RTM Cash EBITDA



Segment overview

Credit Management Services, Strategic Markets and Portfolio Investments

Key figures, Q2 2020

SEKm	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Reported revenue	1,590	1,265	1,635	-604	3,885
Items affecting comparability	-	-	-3	-	-3
Adjusted revenues	1,590	1,265	1,632	-604	3,882
Reported segment earnings	383	345	1,006	-386	1,348
Items affecting comparability	-	-	-3	-	-3
Adjusted segment earnings	383	345	1,003	-386	1,345
Depreciation and amortisation	80	240	2	49	371
Depreciation	80	240	2	49	371
EBITDA	463	585	1,008	-337	1,719
Items affecting comparability	-	-	-3	-	-3
EBITDA excluding items affecting comparability	463	585	1,005	-337	1,716
Portfolio amortisations	-	-	994	-	994
Adjustment earnings from joint ventures	-	-	-102	-	-102
Adjustment cash flow from joint ventures	-	-	101	-	101
Cash EBITDA	463	585	1,998	-337	2,709

Key figures, Q2 2019

SEKm	Credit Management Services	Strategic Markets	Portfolio Investments	Group items	Group
Reported revenue	1,741	975	1,685	-617	3,784
Items affecting comparability	-	-2	-2	-	-4
Adjusted revenues	1,741	973	1,683	-617	3,780
Reported segment earnings	448	334	1,215	-521	1,475
Items affecting comparability	12	3	-1	72	86
Adjusted segment earnings	460	337	1,214	-449	1,561
Depreciation and amortisation	69	171	2	69	311
Depreciation and amortisation excluding items affecting comparability	69	171	2	69	311
EBITDA	517	504	1,217	-452	1,785
Items affecting comparability	12	3	-1	72	86
EBITDA excluding items affecting comparability	529	507	1,216	-380	1,872
Portfolio amortisations	-	-	1,068	-	1,068
Adjustment earnings from joint ventures	-	-	-315	-	-315
Adjustment cash flow from joint ventures	-	-	45	-	45
Cash EBITDA	529	507	2,014	-380	2,670

Credit Management Services

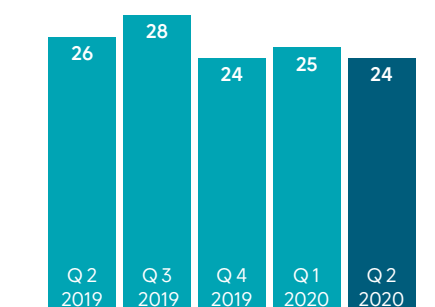
Credit management with a focus on late payment and collection. This segment includes 21 of the 24 European countries in which Intrum maintains credit management operations.

SEKm	Second quarter			6 months			Full year 2019
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	
External revenues	1,048	1,194	-12	2,187	2,373	-8	4,736
Internal revenues	542	547	-1	1,108	1,084	2	2,278
Total revenues	1,590	1,741	-9	3,295	3,457	-5	7,014
Items affecting comparability	-	-	-	-	-	-	-
Adjusted revenues	1,590	1,741	-9	3,295	3,457	-5	7,014
Segment earnings	383	448	-15	803	844	-5	1,558
Items affecting comparability	-	12	-	-	28	-	235
Adjusted segment earnings	383	460	-17	803	872	-8	1,793
KPI's							
External organic revenue change, %	-10	-	-	-7	-	-	-
Exchange rates, %	-2	-	-	0	-	-	-
Acquired growth, %	-	-	-	-	-	-	-
Operating margin, %	24	26	-2	24	24	1	22
Adjusted operating margin, %	24	26	-2	24	25	0	26

Development in the segment was generally stable, although it continued to differ between individual countries, with a few countries still affected by Covid-19, the same time some clients have introduced temporary payment relief for customers. This resulted in temporarily lower business flows in the second quarter, with organic revenues from external customers decreasing by 10 percent compared with the preceding year.

Adjusted segment earnings decreased by 17 percent compared with the preceding year, mainly as a consequence of declining organic revenues and negative currency effects.

Credit Management Services, adjusted operating margin, %



Strategic Markets

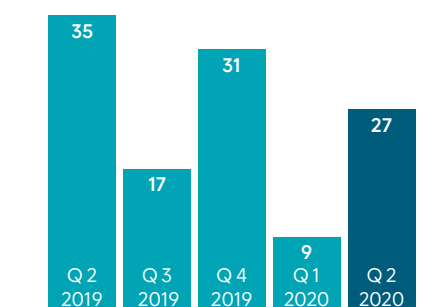
Credit management focusing on late payment and collection in Italy, Spain and Greece.

	Second quarter			6 months			Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	2019
SEKm							
External revenues	1,202	905	33	2,311	1,671	38	4,180
Internal revenues	63	70	-10	149	138	8	256
Total revenues	1,265	975	30	2,459	1,809	36	4,436
Items affecting comparability	-	-2		-	-177		-177
Adjusted revenues	1,265	973	30	2,459	1,632	51	4,259
Segment earnings	345	334	3	447	575	-22	-1,974
Items affecting comparability	-	3		-	-135		3,092
Adjusted segment earnings	345	337	2	447	440	2	1,118
KPI's							
External organic revenue change, %	-16	-	-	-25	-	-	-
Exchange rates, %	0	-	-	1	-	-	-
Acquired growth, %	48	-	-	62	-	-	-
Operating margin, %	27	34	-7	18	32	-14	-44
Adjusted operating margin, %	27	35	-8	18	27	-9	26

Development in the segment during the second quarter was dynamic, starting out weakly in April but ending strongly in June. Overall, the segment (Greece, Italy, Spain) developed significantly above expectations, where the reopening of societies, combined with strict cost control, had a good impact on earnings as the quarter progressed. Revenues increased by 30 percent compared with the preceding year. The increase being attributable to the acquired Solvia units in Spain and the service platform in Greece, which added 48 percent to revenues. These units were consolidated in the second quarter of 2019 and the fourth quarter of 2019, respectively. Underlying external organic revenues decreased by 16 percent compared with the preceding year.

The adjusted earnings for the segment increased by 2 percent compared with the preceding year and the operating margin was 27 percent (34). Given the circumstances, with lower productivity in the operations and the declining organic revenues, profitability was satisfactory and supported by strict cost control. Temporary employee furloughs had a marginal impact on profitability for the quarter. The second quarter is seasonally strong, while the third quarter includes the vacation period when business activity in these countries is slower, as is also reflected in the historical annual trend in the margin.

Strategic Markets, adjusted operating margin, %



Portfolio Investments

Intrum invests in portfolios of overdue receivables, after which Intrum's service operations collects on the receivables on Intrum's own behalf.

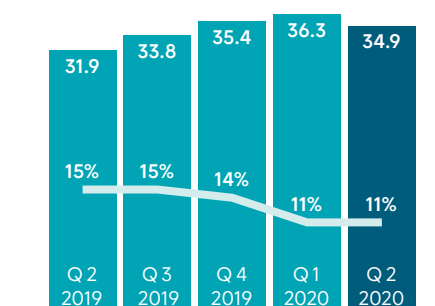
SEKm	Second quarter 2020					Second quarter 2019				
	Overdue receivables	REO	Financial services	Joint ventures	Segment total	Overdue receivables	REO	Financial services	Joint ventures	Segment total
Gross cash collections	2,536	–	–	–	2,536	2,672	–	–	–	2,672
Portfolio amortisations	–994	–	–	–	–994	–1,068	–	–	–	–1,068
Portfolio revaluations	3	–	–	–	3	2	–	–	–	2
Other revenues	–	48	42	–	90	–	43	36	–	79
Revenues	1,545	48	42	–	1,635	1,606	43	36	–	1,685
Collection costs	–673	–34	–23	–	–730	–733	–34	–17	–	–785
Earnings from joint ventures	–	–	–	102	102	–	–	–	315	315
Segment earnings	872	13	19	102	1,006	873	9	19	315	1,215
Items affecting comparability	–3	–	–	–	–3	–1	–	–	–	–1
Adjusted segment earnings	869	13	19	102	1,003	872	9	19	315	1,214
KPI's										
Investments	1.267	31	–	–	1.299	1.436	65	–	–	1.500
Average book value	28.530	411	–	6.682	35.622	25.928	311	–	5.646	31.885
Book value	28.032	406	–	6.507	34.945	26.228	334	–	5.815	32.377
ERC	55.334	602	–	8.738	64.674	51.101	652	–	9.143	60.896
Cash multiple	1.97	1.48	–	1.34	1.85	1.95	1.95	–	1.57	1.88
Cost-to-Collect, %	27	71	–	–	28	27	80	–	–	29
Amortisation ratio, %	39	–	–	–	39	40	–	–	–	40
Operating margin, %	57	27	–	–	61	54	21	53	–	72
Adjusted operating margin, %	57	27	45	–	61	54	21	53	–	72
Return on portfolio investments, ROI%	12	13	–	6	11	13	12	–	22	15
Adjusted return on portfolio investments, ROI, %	12	13	–	6	11	13	12	–	22	15
Segment cash flow	1.863	13	19	102	1.997	1.939	9	19	45	2.012
Replenishment investment level	1.227	–	–	–	1.227	1.168	–	–	–	1.168
Cash flow after replenishment investments	636	–	–	–	636	771	–	–	–	771

The segment's second quarter earnings decreased by 17 percent compared with the preceding year. Combined with negative currency effects, the segment's decrease in earnings is attributable to a lower contribution of earnings by joint ventures, for which earnings amounted to SEK 102 M (315). The lower earnings from joint ventures were associated mainly with the Italian SPV portfolio, which was to some extent affected by lower activity in the Italian legal system, as well as by a natural decline in the profit margin as the portfolio matures. The return on the portfolio (ROI) was 11 percent (15). Portfolio revaluations of SEK 3 M (2) had no significant impact on segment earnings.

Gross cash collections amounted to SEK 2,536 M (2,672), down 5 percent on the corresponding quarter last year. The decrease is attributable in part to negative currency effects, as well as the effects of Covid-19. Funds collected corresponded to 111 percent of the current forecast and 92 percent of the pre-Covid-19 forecast. We note that the amounts collected within Strategic Markets (Greece, Italy and Spain) were slightly short of the current collection forecast, while the amounts collected in the remaining countries where the Group operates were 15 percent above the current forecast and 1 percent above the original, pre-Covid-19 forecast. This stability underscores the advantages of maintaining diversified operations in 25 countries, as well as the resilience of our business model, with approximately 85 percent of the funds collected on our loan portfolios being generated by automated and online payments.

Portfolio investments for the quarter amounted to SEK 1,267 M (1,436), with our total book value growing by 8 percent to SEK 34.9 billion compared with the previous year.

Portfolio Investments, carrying value and adjusted return, SEK Billion



Portfolio Investments, cont.

SEKm	6 months 2020					6 months 2019				
	Overdue receivables	REO	Financial services	Joint ventures	Segment total	Overdue receivables	REO	Financial services	Joint ventures	Segment total
Gross cash collections	5,320	–	–	–	5,320	5,267	–	–	–	5,267
Portfolio amortisations	–2,123	–	–	–	–2,123	–2,064	–	–	–	–2,064
Portfolio revaluations	–633	–	–	–	–633	18	–	–	–	18
Other revenues	–	75	80	–	155	–	202	69	–	271
Revenues	2,564	75	80	–	2,720	3,222	202	69	–	3,492
Collection costs	–1,389	–64	–43	–	–1,496	–1,429	–184	–34	–	–1,647
Earnings from joint ventures	–	–	–	183	183	–	–	–	675	675
Segment earnings	1,175	11	37	183	1,406	1,793	18	34	675	2,520
Items affecting comparability	633	–	–	–	633	–17	–	–	–	–17
Adjusted segment earnings	1,808	11	37	183	2,040	1,776	18	34	675	2,503
KPI's										
Investments	2.917	55	–	–	2.972	2.713	145	–	–	2.858
Average book value	28.270	394	–	6.523	35.187	25.529	1.510	–	5.281	32.320
Book value	28.032	406	–	6.507	34.945	26.228	334	–	5.815	32.377
ERC	55.334	602	–	8.738	64.674	51.101	652	–	9.143	60.896
Cash multiple	1.97	1.48	–	1.34	1.85	1.95	1.95	–	1.57	1.88
Cost-to-Collect, %	26	85	–	–	27	27	91	–	–	30
Amortisation ratio, %	40	–	–	–	40	39	–	–	–	39
Operating margin, %	46	15	46	–	52	56	9	50	–	72
Adjusted operating margin, %	57	15	46	–	60	55	9	50	–	72
Return on portfolio investments, ROI%	8	6	–	6	8	14	11	–	26	15
Adjusted return on portfolio investments, ROI, %	13	6	–	6	11	14	11	–	26	15
Segment cash flow	3.931	11	37	253	4.232	3.838	18	34	85	3.976
Replenishment investment level	2.454	–	–	–	2.454	2.336	–	–	–	2.336
Cash flow after replenishment investments	1.477	–	–	–	1.477	1.502	–	–	–	1.502

Financial overview

Alternative P&L, Adjusted Group figures

SEKm	Second quarter			6 months			Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	2019
External revenue	2,340	2,178	7	4,654	4,138	8	9,191
Gross cash collections	2,536	2,672	-5	5,320	5,267	1	10,772
Cash flow from joint ventures	101	45	124	253	85	198	197
Cash revenue	4,977	4,895	2	10,227	9,490	6	20,160
Expenses	-2,268	-2,225	2	-4,885	-4,506	4	-9,504
Cash EBITDA excluding pro forma adjustments	2,709	2,670	1	5,342	4,984	7	10,656
Cash EBITDA margin excluding pro forma adjustments, %	54	54	0	52	53	0	53
Depreciation and amortisation	-371	-311	-19	-709	-599	-18	-1,246
Portfolio amortisations	-994	-1,068	7	-2,123	-2,064	-3	-4,183
Adjustment earnings from joint ventures	102	315	-68	183	675	-73	1,179
Adjustment cash flow from joint ventures	-101	-45	-124	-253	-85	-198	-197
Adjusted EBIT	1,345	1,561	-14	2,440	2,911	-16	6,208
<i>Operating cash flow to Cash EBITDA</i>							
Operating cash flow	2,899	1,897	53	5,167	3,249	59	6,392
Items affecting comparability excluding impairment	-	88	-	-	107	-	1,138
Cash financial items	2	167	-99	649	721	-10	1,875
Paid tax	131	100	31	211	213	-1	802
Change in working capital (NWC)	-452	413	-209	-1,048	614	-271	371
Other non-cash items	130	275	-53	292	670	-56	1,059
Adjustment earnings from joint ventures	-102	-315	-68	-183	-675	-73	-1,179
Adjustment cash flow from joint ventures	101	45	124	253	85	198	197
Pro forma adjustments	-	-	-	-	-	-	789
Cash EBITDA	2,709	2,670	1	5,342	4,984	7	11,444

Alternative P&L, Adjusted Group figures

SEKm	Second quarter 2020					6 months 2020				
	Credit Man- agement Services	Strategic Markets	Portfolio Invest- ments	Group items	Group	Credit Man- agement Services	Strategic Markets	Portfolio Invest- ments	Group items	Group
External revenue	1,048	1,202	90	-	2,340	2,187	2,311	155	-	4,654
Gross cash collections	-	-	2,536	-	2,536	-	-	5,320	-	5,320
Cash flow from joint ventures	-	-	101	-	101	-	-	253	-	253
Cash revenue	1,048	1,202	2,727	-	4,977	2,187	2,311	5,728	-	10,227
Expenses	-585	-617	-730	-337	-2,268	-1,225	-1,398	-1,492	-770	-4,885
Cash EBITDA	463	585	1,998	-337	2,709	962	913	4,236	-770	5,342
Depreciation and amortisation	-80	-240	-2	-49	-371	-159	-466	-4	-80	-709
Portfolio amortisations	-	-	-994	-	-994	-	-	-2,123	-	-2,123
Adjustment earnings from joint ventures	-	-	102	-	102	-	-	183	-	183
Adjustment cash flow from joint ventures	-	-	-101	-	-101	-	-	-253	-	-253
Adjusted segment earnings	383	345	1,003	-386	1,345	803	447	2,040	-850	2,440
Cash EBITDA margin, %	44	49	73	-	54	44	40	74	-	52

Financial overview, cont.

Revenues by type

SEKm	Second quarter			6 months			Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	2019
External Credit Management revenues	2,250	2,099	7	4,498	4,044	11	8,930
Gross cash collections	2,536	2,672	-5	5,320	5,267	1	10,772
Other Portfolio Investment segment revenues	90	78	15	155	271	-43	438
Associate earnings cash contribution	101	45	124	253	85	198	197
Cash revenue	4,977	4,895	2	10,227	9,667	6	20,337
Portfolio investment amortisations	-994	-1,068	-7	-2,123	-2,064	3	-4,183
Portfolio investment revaluations	3	2	50	-633	18	-3,616	28
Associate earnings cash contribution	-101	-45	-124	-253	-85	198	-197
Total revenues	3,885	3,784	3	7,218	7,536	-4	15,985

Change in revenue

Change in revenues, %	Second quarter		6 months		Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	2019
Organic growth	-7	-14	-9	-4	-2
Acquired growth	12	16	14	13	18
Portfolio revaluations	0	0	-9	0	0
Exchange rates	-2	2	0	3	3
Total	3	4	-4	12	19

Items affecting comparability in operating earnings

SEKm	Second quarter		6 months		Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	2019
Positive revaluations of portfolio investments	44	294	43	414	920
Negative revaluations of portfolio investments	-41	-292	-676	-396	-892
Integration costs Lindorff	-	-33	-	-68	-224
Transaction costs for M&A	-	-21	-	-111	-274
Received compensation for terminated BPO contract	-	1	-	147	147
Impairment write-down of goodwill	-	-	-	-	-2,700
Efficiency improvement programme	-	-	-	-	-656
Other items affecting comparability	-	-35	-	-75	-469
Total items affecting comparability in operating earnings	3	-86	-633	-89	-4,148

Net financial items specification

SEKm	Second quarter			6 months			Full year
	April–June 2020	April–June 2019	Change %	Jan–June 2020	Jan–June 2019	Change %	2019
Interest earnings	10	16	-38	30	22	36	63
Interest costs	-423	-356	19	-874	-696	26	-1,512
Interest cost on leasing liability according to IFRS 16	-10	-12	-17	-20	-22	-9	-43
Exchange rate differences	3	50	-94	1	32	-97	18
Amortisation of borrowing costs	-22	-21	5	-40	-42	-5	-94
Commitment fee	-31	-16	94	-65	-29	124	-80
Other financial items	-9	-9	-	-15	-13	15	-273
Total net financial items	-482	-348	39	-983	-748	31	-1,921

Financial overview, cont.

Cash flow and investments

SEKm	Second quarter		6 months		Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	2019
Cash flow from operating activities	2,899	1,897	5,167	3 249	6,392
Cash flow from investing activities	-1,383	-3,176	-3,009	-3 418	-11,646
Total cash flow from operating and investing activities	1,516	-1,279	2,158	-169	-5,254
Repurchase of shares	-760	-86	-1,250	-86	-
Changes in liabilities	976	2,265	1,525	1 132	5,838
Cash flow for the period	1,732	900	2,433	877	584

Assets and financing

SEKm	30 june 2020	30 june 2019	31 dec 2019
Liquid assets	2,879	1,237	1,906
Portfolio investments total	34,945	32,377	35,429
Client relationships	5,686	4,398	6,079
Goodwill	32,809	35,036	33,358
Other assets	8,518	8,836	9,364
Total assets	84,837	81,884	86,136
Shareholders' equity	22,215	26,814	24,893
Net Debt	49,716	44,972	49,105
Net Debt/Cash EBITDA as per covenant definition	4.4	4.3	4.3

Quarterly overview

Group

	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018
SEKm								
Revenues	3,885	3,333	4,663	3,786	3,784	3,752	3,517	3,180
Adjusted revenues	3,882	3,969	4,662	3,777	3,780	3,561	3,441	3,180
Operating earnings (EBIT)	1,348	459	-2,137	1,375	1,475	1,347	1,003	838
EBIT adjusted	1,345	1,095	1,821	1,476	1,561	1,350	1,236	1,095
Cash EBITDA	2,709	2,633	3,063	2,609	2,670	2,314	2,401	2,247
Net earnings	671	-33	-2,482	579	879	739	482	396
Earnings per share, SEK	5.39	-0.25	-18.84	4.26	6.26	5.63	3.70	3.02
Return on equity, %	13	0	-42	9	13	12	8	7
Equity per share, SEK	159.46	165.62	168.12	193.28	187.54	188.55	195.16	177.58
Cash flow from operating activities per share, SEK	23.88	17.37	14.03	9.97	14.47	10.30	13.81	9.25
Number of employees (FTEs)	9,366	9,188	9,430	8,959	8,542	8,133	7,711	7,571

Credit Management Services

	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
SEKm						
Revenues	1,590	1,705	1,792	1,764	1,741	1,716
– thereof external clients	1,048	1,139	1,182	1,190	1,194	1,179
– thereof intercompany revenues	542	566	610	574	547	537
Adjusted revenues	1,590	1,705	1,793	1,765	1,740	1,716
Segment earnings	383	420	255	459	448	396
Adjusted segment earnings	383	420	430	490	460	412
Items affecting comparability	–	–	-176	-30	-12	-15
Adjusted operating margin, %	24	25	24	28	26	24

Strategic Markets

	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019
SEKm						
Revenues	1,265	1,194	1,665	961	975	834
– thereof external clients	1,202	1,108	1,610	899	905	766
– thereof intercompany revenues	63	86	55	62	70	68
Adjusted revenues	1,265	1,194	1,665	961	973	659
Segment earnings	345	102	-2,702	153	334	241
Adjusted segment earnings	345	102	517	161	337	103
Items affecting comparability	–	–	-3,219	-8	-3	138
Adjusted operating margin, %	27	9	31	17	35	16

Portfolio Investments

	Quarter 2 2020	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018
SEKm								
Gross cash collections	2,536	2,784	2,826	2,679	2,671	2,594	2,663	2,507
Portfolio amortisations	-994	-1,129	-1,058	-1,061	-1,068	-996	-1,055	-998
Portfolio revaluation	3	-636	1	9	2	16	76	0
Other Portfolio Investment segment revenues	90	66	98	68	80	193	57	50
Revenue	1,635	1,085	1,867	1,695	1,685	1,807	1,741	1,558
Segment earnings	1,006	401	1,195	1,246	1,215	1,306	1,057	849
Adjusted segment earnings	1,003	1,037	1,208	1,236	1,214	1,289	982	837
Portfolio investments	1,267	1,650	3,780	831	1,436	1,277	5,444	927
Total carrying value of portfolio investments	34,945	36,297	35,429	33,196	32,377	31,392	32,261	25,772
– thereof purchased receivables	28,032	29,026	28,508	26,279	26,228	25,628	24,830	23,914
– thereof joint ventures	6,507	6,855	6,539	6,546	5,815	5,477	4,746	1,703
– thereof real estate	406	416	382	371	334	287	2,685	155
Adjusted return on portfolio investments, %	11	11	14	15	15	16	13	17
Amortisation ratio, %	39	41	37	40	40	38	40	40
ERC	64,674	68,551	64,995	61,310	60,896	58,686	57,382	47,874
Cash multiple	1.85	1.89	1.83	1.87	1.88	1.87	1.94	2.00

Five year overview

Group

SEKm	2019	2018	2017	2016	2015
Revenues	15,985	13,442	9,434	5,869	5,419
Adjusted revenues	15,780	13,131	9,437	5,824	5,387
EBIT	2,060	3,978	2,728	1,921	1,577
Adjusted EBIT	6,208	4,500	3,128	1,866	1,599
Net earnings	-285	1,943	1,503	1,468	1,172
Earnings per share, SEK	-2.76	14.18	14.62	20.15	15.92
Return on equity, %	-2	8	11	41	38
Equity per share, SEK	168.12	195.16	170.59	55.88	42.66
Cash flow from operating activities per share, SEK	48.77	48.10	-	46.64	39.74
Number of employees (FTEs)	8,766	7,910	6,293	3,865	3,738

Group

SEKm	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018	Quarter 2 2017	Quarter 2 2016
Revenues	3,885	3,784	3,630	1,796	1,421
Adjusted revenues	3,882	3,780	3,408	1,755	1,404
EBIT	1,348	1,475	1,240	476	457
Adjusted EBIT	1,345	1,561	1,241	598	450
Cash EBITDA	2,709	2,670	2,769	1,158	890
Net earnings	671	879	701	98	354
Earnings per share, SEK	5.39	6.26	5.33	1.32	4.85
Return on equity, %	13	13	12	3	43
Equity per share, SEK	159.46	187.54	176.30	161.12	43.77
Cash flow from operating activities per share, SEK	23.88	14.47	12.77	9.46	9.61
Number of employees (FTEs)	9,366	8,542	7,886	4,369	3,832

Reconciliation of alternative performance measures

SEKm	Second quarter		6 months		Rolling	Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	12 months July 2018– June 2019	2019
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	--41	-292	-676	-396	-1,172	-892
Impact from early terminated BPO	–	2	–	177	0	177
Total items affecting comparability in revenues	3	4	-633	195	-623	205
Items affecting comparability in operating earnings						
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	-41	-292	-676	-396	-1,172	-892
Integration costs Lindorff	–	-33	–	-68	-156	-224
Transaction costs for M&A	–	-21	–	-111	-163	-274
Impact from early terminated BPO contract	–	1	–	147	–	147
Impairment write-down of goodwill	–	0	–	0	-2,700	-2,700
Efficiency improvement programme	–	0	–	0	-656	-656
Other items affecting comparability	–	-35	–	-75	-394	-469
Total items affecting comparability in operating earnings	3	-86	-633	-89	-4,692	-4,148
Items affecting comparability by earnings statement line						
Revenues from clients	–	0	–	177	0	177
Positive revaluations of portfolio investments	44	294	43	414	549	920
Negative revaluations of portfolio investments	-41	-292	-676	-396	-1,172	-892
Cost of sales	–	-20	–	-72	-747	-819
Sales, marketing and administration costs	–	-68	–	-212	-622	-834
Impairment write-down of goodwill	–	–	–	–	-2,700	-2,700
Total items affecting comparability in operating earnings	3	-86	-633	-89	-4,692	-4,148
Other items affecting comparability by segment						
Credit Management Services	–	-12	–	-28	-207	-235
Strategic Markets	–	-3	–	135	-3,227	-3,092
Portfolio Investments	–	-1	–	-1	-14	-15
Common costs	–	-71	–	-212	-622	-834
Total other items affecting comparability	–	-88	–	-107	-4,069	-4,176
Adjusted revenue						
Revenues	3,885	3,784	7,218	7,536	15,667	15,985
Items affecting comparability	-3	-4	633	-195	623	-205
Adjusted revenue	3,882	3,780	7,852	7,341	16,291	15,780
Adjusted EBIT						
EBIT	1,348	1,475	1,807	2,822	1,045	2,060
Items affecting comparability	-3	86	633	89	4,692	4,148
Total adjusted EBIT	1,345	1,561	2,440	2,911	5,737	6,208

Reconciliation of alternative performance measures, cont.

SEKm	Second quarter		6 months		Rolling	Full year
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019	12 months July 2018– June 2019	2019
Portfolio Investment segment earnings excluding revaluations						
Portfolio Investment segment earnings	1,006	1,215	1,406	2,520	3,798	4,877
Revaluations	-3	-1	633	-17	623	-28
Portfolio Investment segment earnings excluding revaluations	1,003	1,214	2,040	2,503	4,422	4,849
Average carrying value						
Average carrying value receivables	28,530	25,928	28,270	25,529	29,410	26,669
Average carrying value joint ventures	6,682	5,646	6,523	5,281	6,885	5,643
Average carrying value real estate	411	311	394	1,510	418	1,534
Total average carrying value	35,622	31,885	35,187	32,320	36,714	33,846
Return including revaluations	11	15	8	15	11	15
Return excluding revaluations	11	15	11	15	13	15
Cash EBITDA						
EBIT	1,348	1,475	1,807	2,822	1,045	2,060
Depreciation and amortisation	371	311	709	599	1,356	1,246
Portfolio amortisations	994	1,068	2,123	2,064	4,242	4,183
Portfolio revaluations	-3	-2	633	-18	623	-28
Adjustments according to loan covenants:						
Adjustment earnings from joint ventures	-102	-315	-183	-675	-687	-1,179
Adjustment cash flow from joint ventures	101	45	253	85	365	197
Goodwill impairment	-	-	-	-	2,700	2,700
Items affecting comparability	-	88	-	107	1,369	1,476
Other pro forma adjustments	-	-	-	-	233	789
Cash EBITDA	2,709	2,670	5,342	4,984	11,246	11,444
Net debt						
Liabilities to credit institutions	9,101	9,396	9,101	9,396	9,101	6,186
Bond loans	41,840	34,065	41,840	34,065	41,840	41,644
Provisions for pensions	402	268	402	268	402	387
Commercial paper	1,252	2,480	1,252	2,480	1,252	2,794
Cash and cash equivalents	-2,879	-1,237	-2,879	-1,237	-2,879	-1,906
Net debt at end of period	49,716	44,972	49,716	44,972	49,716	49,105
Net Debt/RTM Cash EBITDA					4.4	4.3

Financial reports

Consolidated earnings statement in summary

SEKm	Second quarter			6 months		Change %	Full year 2019
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019			
Revenues from clients	2,340	2,178	4,654	4,315	9,704	9,368	
Revenue on portfolio investments calculated using the effective interest method	1,542	1,604	3,197	3,203	6,586	6,589	
Positive revaluations of Portfolio investments	44	294	43	414	549	920	
Negative revaluations of Portfolio investments	-41	-292	-676	-396	-1,172	-892	
Total revenue	3,885	3,784	7,218	7,536	15,668	15,985	
Cost of sales	-2,234	-2,053	-4,636	-4,189	-10,254	-9,807	
Gross earnings	1,651	1,731	2,583	3,347	5,414	6,178	
Sales, marketing and administrative expenses	-405	-571	-959	-1,200	-2,356	-2,597	
Goodwill impairment					-2,700	-2,700	
Participation in associated companies and joint ventures	102	315	183	675	687	1,179	
EBIT	1,348	1,475	1,807	2,822	1,045	2,060	
Net financial items	-482	-348	-983	-748	-2,156	-1,921	
Earnings before tax	866	1,127	824	2,074	-1,111	139	
Tax	-195	-248	-185	-456	-153	-424	
Net earnings for the period	671	879	638	1,618	-1,265	-285	
Of which attributable to:							
Parent company's shareholders	654	821	628	1 547	-1 281	-362	
Non-controlling interest	17	58	10	71	16	77	
Net earnings for the period	671	879	638	1,618	-1,265	-285	
Average no of shares before and after dilution, '000	121,401	131,094	130,511	131,492	130,085	131,066	
Earnings per share before and after dilution							
Profit from continuing operations, SEK	5.39	6.26	4.81	11.79	-9.85	-2.76	
Total earnings per share before and after dilution, SEK	5.39	6.26	4.81	11.79	-9.85	-2.76	

Consolidated statement of comprehensive earnings in summary

SEKm	Second quarter			6 months		Change %	Full year 2019
	April–June 2020	April–June 2019	Jan–June 2020	Jan–June 2019			
Net earnings for the period	671	879	638	1,618	-1,265	-285	
Other comprehensive earnings, items that will be reclassified to profit and loss:							
Currency translation difference	-1,019	202	-734	565	-970	318	
Other comprehensive earnings, items that will not be reclassified to profit and loss:							
Remeasurement of pension liability		0		0		-32	
Comprehensive earnings for the period	-348	1,081	-96	2,183	-2,268	1	
Of which attributable to:							
Parent company's shareholders	-209	1,023	-119	2,112	-2,315	-94	
Non-controlling interest	-139	58	23	71	47	95	
Comprehensive earnings for the period	-348	1,081	-96	2,183	-2,268	1	

Consolidated balance sheet in summary

SEKm	30 june 2020	30 june 2019	31 dec 2019
ASSETS			
Intangible fixed assets			
Goodwill	32,809	35,036	33,358
Capitalized expenditure for IT development and other intangibles	834	1,079	802
Client relationships	5,687	4,398	6,079
Total intangible fixed assets	39,330	40,513	40,239
Tangible fixed assets			
Right-of-use assets	840	676	888
Investment property	11	2	0
Other tangible fixed assets	199	236	212
Total tangible fixed assets	1,050	914	1,100
Other fixed assets			
Shares in joint ventures	6,507	5,815	6,539
Other shares and participations	1	5	0
Portfolio investments	28,032	26,228	28,508
Deferred tax assets	1,326	585	1,300
Other long-term receivables	151	196	183
Total other fixed assets	36,017	32,829	36,530
Total fixed assets	76,397	74,256	77,869
Current Assets			
Accounts receivable	1,288	1,647	1,860
Inventory of real estate	395	332	382
Client funds	1,039	1,161	1,060
Tax assets	339	242	382
Other receivables	1,292	1,918	1,334
Prepaid expenses and accrued earnings	1,208	1,091	1,343
Cash and cash equivalents	2,879	1,237	1,906
Total current assets	8,440	7,628	8,267
TOTAL ASSETS	84,837	81,884	86,136
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	19,313	24,433	22,014
Attributable to non-controlling interest	2,902	2,381	2,879
Total shareholders' equity	22,215	26,814	24,893
Long-term liabilities			
Liabilities to credit institutions	9,101	9,393	6,186
Bond loans	40,840	34,065	40,644
Long-term leasing liabilities	650	492	474
Other long-term liabilities	669	1,025	1,303
Provisions for pensions	402	268	387
Other long-term provisions	18	45	19
Deferred tax liabilities	1,388	1,981	1,938
Total long-term liabilities	53,068	47,269	50,951
Current liabilities			
Liabilities to credit institutions	0	3	0
Bond loans	1,000	0	1,000
Commercial paper	1,252	2,480	2,794
Client funds payable	1,039	1,161	1,060
Accounts payable	487	419	512
Earnings tax liabilities	943	430	422
Advances from clients	75	95	88
Short-term leasing liabilities	228	199	443
Other current liabilities	1,491	744	810
Accrued expenses and prepaid earnings	3,000	2,256	3,014
Other short-term provisions	39	14	149
Total current liabilities	9,554	7,801	10,292
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	84,837	81,884	86,136

Consolidated statement of changes in shareholders' equity

SEKm	2020			2019		
	Attributable to Parent Company's shareholder	Non-controlling interest	Total	Attributable to Parent Company's shareholder	Non-controlling interest	Total
Opening balance, January 1	22,014	2,879	24,893	23,666	2,006	25,672
Share dividend	-1,332		-1,332	-1,247		-1,247
Repurchase of shares	-1,250		-1,250	-86		-86
Change in Group structure				-12	304	292
Divestment of shares in company with non-controlling interest						
Comprehensive earnings for the period	-119	23	-96	2,112	71	2,183
Closing balance, March 31	19,313	2,902	22,215	24,433	2,381	26,814

Consolidated cash flow statement in summary

SEKm	Second quarter		6 months		Full year 2019
	April-June 2020	April-June 2019	Jan-June 2020	Jan-June 2019	
Operating activities					
EBIT	1,348	1,475	1,807	2,822	2,060
Depreciation/amortisation and impairment write-down	371	311	709	599	4,284
Amortisation/revaluation of purchased debt	991	1,066	2,755	2,046	4,155
Other adjustment for items not included in cash flow	-130	-275	-292	-670	-1,059
Interest received	-19	16	30	22	62
Interest paid	40	-137	-598	-708	-1,454
Other financial expenses paid	-22	-45	-80	-35	-483
Earnings tax paid	-131	-100	-211	-213	-802
Cash flow from operating activities before changes in working capital	2,447	2,310	4,119	3,863	6,763
Changes in factoring receivables	29	-75	23	-71	-47
Other changes in working capital	423	-338	1,025	-543	-324
Cash flow from operating activities	2,899	1,897	5,167	3,249	6,392
Investing activities					
Purchases of tangible and intangible fixed assets	-192	-140	-315	-349	-699
Portfolio investments in receivables and inventory of real estate	-1,326	-1,416	-2,981	-2,925	-7,612
Acquisition of subsidiaries and joint ventures	-6	-1,937	-6	-1,958	-5,135
Liquid assets in acquired/divested subsidiaries	0	337	0	344	384
Proceeds from divestment of subsidiaries and associated companies	0	0	0	1,488	1,488
Other cash flow from investing activities	141	-20	293	-18	-72
Cash flow from investing activities	-1,383	-3,176	-3,009	-3,418	-11,646
Financing activities					
Borrowings and repayment of loans	976	2,517	1,525	1,385	7,229
Repurchase of shares	-760	-86	-1,250	-86	-86
Share dividend to parent company's shareholders	-1,332	-1,247	-1,332	-1,247	-1,247
Dividend to non-controlling shareholders	0				-58
Cash flow from financing activities	-1,116	1,184	-1,057	52	5,838
Total change in liquid assets	400	-95	1,101	-117	584
Opening balance of liquid assets	2,598	1,333	1,906	1,348	1,348
Exchange rate differences in liquid assets	-120	-1	-128	6	-26
Closing balance of liquid assets	2,879	1,237	2,879	1,237	1,906
Group total					
Cash flow from operating activities	2,899	1,897	5,167	3,249	6,392
Cash flow from investing activities	-1,383	-3,176	-3,009	-3,418	-11,646
Cash flow from financing activities	-1,116	1,184	-1,057	52	5,838

Earnings statement – parent company

SEKm	Second quarter		Full year
	April–June 2020	April–June 2019	2019
Revenues	271	116	402
Gross earnings	271	116	402
Sales and marketing expenses	-12	-12	-25
Administrative expenses	-354	-348	-793
EBIT	-95	-244	-416
Earnings from subsidiaries	114	158	1 181
Exchange rate differences on monetary items classified as expanded investment and hedging activities	268	-772	-578
Net financial items	-333	-237	-970
Earnings before tax	-46	-1,095	-783
Tax	32	0	96
Net earnings for the period	-14	-1 095	-687

Net earnings for the period corresponds to comprehensive earnings for the period.

Balance sheet – parent company

SEKm	30 june 2020	30 june 2019	31 dec 2019
ASSETS			
Fixed assets			
Intangible fixed assets	231	89	141
Tangible fixed assets	12	12	13
Financial fixed assets	70,715	51,822	69,627
Total fixed assets	70,958	51,923	69,781
Current assets			
Current receivables	547	15,925	1,484
Cash and cash equivalents	636	100	220
Total current assets	1,183	16,025	1,704
TOTAL ASSETS	72,141	67,948	71,485
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	11,546	13,735	14,142
Total shareholders' equity	11,831	14,020	14,427
Long-term liabilities	55,658	45,870	50,192
Current liabilities	4,652	8,058	6,866
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	72,141	67,948	71,485

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 271 M (116) for the quarter and earnings before tax of SEK -46 M (1,095). The Parent Company invested SEK 102 M (61) in fixed assets during the quarter and had, at the end of the quarter, SEK 636 M (100) in cash and cash equivalents. The average number of employees was 59 (68).

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 essentially unchanged compared with the 2019 Annual Report.

Changes in IFRS standards as of 1 January 2020 have not had any material impact on this interim report.

Transactions with related parties

Neither during the quarter nor during the full-year, have any significant transactions occurred between Intrum and other closely related companies, boards or Group management teams.

Market development and outlook

In Intrum's integrated business model, consisting of credit management services and portfolio investments, we see favourable development in both areas, even though Q1, 2020 has been impacted by considerable macroeconomic insecurity, which, in the short term affects our clients decision making. Much of the groundwork has now been done to enable us to start the execution of our production transformation programme in the credit management operations. Intrum will gradually centralise, standardise and improve large parts of the collection process. In the future, we anticipate the actions being taken in this area will continue to improve efficiency and the CMS margin.

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 2019 Annual Report. No significant risks are considered to have arisen besides those described in the Annual Report.

New segmentation as of 2020

To reflect Intrum's growth in southern Europe, a third segment has been established, comprising Intrum's markets in southern Europe, in parallel with the existing Credit Management Services and Portfolio Investments segments. Accordingly, as of 2020, Intrum is organised and into, and will report on three segments, these being Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain). At the same time, the previous segmentation into four geographical regions is being discontinued.

Fair value of financial instruments

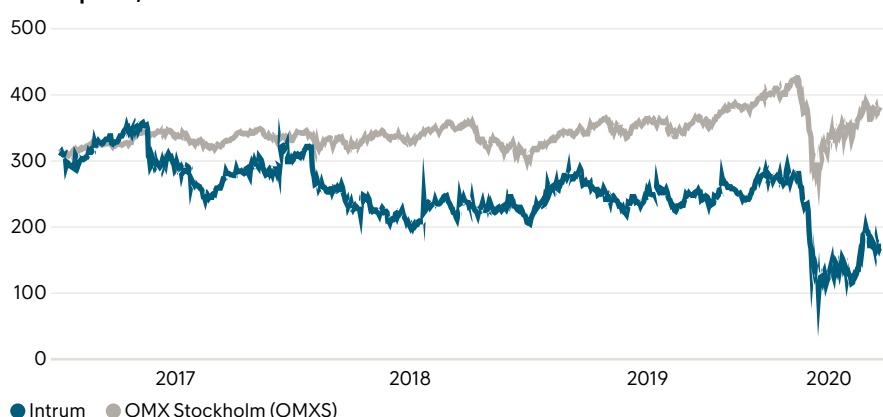
Most of the Group's financial assets and liabilities (portfolio investments, accounts receivable, other receivables, cash and cash equivalents, liabilities to credit institutions, bonds, commercial papers, accounts payable and other liabilities) are carried

in the accounts at amortised cost. For most of these financial instruments, the carrying amount is assessed to be a good estimate of fair value. For outstanding bonds with a total carrying value of SEK 41,840 M (34,065) at the end of the quarter, fair value is, however, calculated at SEK 38,591 M (34,523). The Group also holds forward exchange contracts and other financial assets of SEK 345 M (204), as well as financial liabilities of SEK 327 M (356) carried at fair value in the earnings statement.

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 April–30 June 2020, 75,479,916 shares were traded for a total value of SEK 11,081 M, corresponding to 60 percent of total number of shares at the end of the period. The highest price paid during the period 1 April–30 June 2020 was SEK 199.70 (5 June) and the lowest was SEK 114.10 (2 April). On the last trading day of the period, 30 June 2020, the price was SEK 171 (latest paid). During the period 1 April–30 June 2020, Intrum's share price rose by 37 percent, while Nasdaq OMX Stockholm rose by 19 percent.

Share price, SEK



Shareholders

30 June 2020	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	47.7
AMF Försäkring & Fonder	8,264,116	6.8
Handelsbanken Fonder	5,073,970	4.2
Swedbank Robur Fonder	5,041,271	4.2
Vanguard	2,702,898	2.2
Första AP-fonden	2,294,409	1.9
TIAA - Teachers Advisors	1,880,261	1.6
Degroof Petercam	1,708,092	1.4
Lannebo Fonder	1,445,177	1.2
Avanza Pension	1,308,659	1.1
Nordnet Pensionsförsäkring	1,241,394	1.0
C WorldWide Asset Management	1,110,941	0.9
BlackRock	1,034,130	0.9
TimesSquare Capital Management	1,016,795	0.8
Norges Bank	1,052,105	0.9
Total, fifteen largest shareholders	92,903,174	76.7
Total number of shares excluding treasury shares	121,120,918	

Source: Modular Finance Holdings and Intrum

Treasury holdings of 600,000 shares are not included in the number of shares outstanding. The proportion of Swedish ownership amounted to 33.9 percent (institutions 6.3 percentage points, mutual funds 16.9 percentage points and private individuals 10.7 percentage points).

Currency exchange rates

	Closing rate 30 June 2020	Closing rate 30 June 2019	Average rate April–June 2020	Average rate April–June 2019	Average rate Jan–June 2020	Average rate Jan–June 2019
1 EUR=SEK	10.49	10.55	10.65	10.61	10.66	10.51
1 CHF=SEK	9.85	9.50	10.04	9.42	10.02	9.31
1 NOK=SEK	0.96	1.09	0.97	1.09	0.99	1.08
1 HUF=SEK	0.0294	0.0326	0.0303	0.0329	0.0308	0.0328

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

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 23 July 2020 at 08.00 a.m. CET.

Year-end reports, interim reports and other financial information are available via www.intrum.com

Denna delårsrapport finns även på svenska.
Stockholm 23 July 2020

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 earnings (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription earnings, etc.), earnings from portfolio investments operations (collected amounts less amortisation and revaluations for the period) and other earnings 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 earnings statement.

Operating margin

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

Adjusted net revenues/revenues

Net revenue/revenues excluding portfolio revaluations and other items affecting comparability.

Adjusted operating earnings (EBIT)

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

Adjusted operating margin

Adjusted operating earnings (EBIT) in relation to adjusted net revenue/revenue.

Cash revenue

An alternative performance indicator that includes net revenues and cashflow from gross collections and cash flow from joint ventures.

External revenue

Revenue from Intrum's external clients and revenue generated from Real Estate Owned assets (REO).

Internal revenue

Predominantly related to revenue paid by the Portfolio Investment segment to Credit Management Services and Strategic Markets segments for collection activities made on the behalf of Intrum's own portfolios.

EBITDA

EBITDA is defined as operating earnings (EBIT) adding back depreciation and amortisations of tangible and intangible assets.

Cash EBITDA

Cash EBITDA is adjusted operating earnings (EBIT) adding back depreciation and amortisations and portfolio amortisations. In addition, the EBIT contribution from joint ventures is replaced by the actual cash contribution from the joint venture. For rolling 12-month and full-year figures, pro forma adjustments are also added.

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 portfolio revaluations, restructuring costs, closure costs, reversal of restructuring or closure res-

ervations, 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.

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.

Portfolio investments – collected amounts, amortisations and revaluations

Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognised at amortised 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 amortisation for the period and revaluations. The amortisation 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.

Amortisation percentage

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

Return on portfolio investments (ROI)

Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees (financial services), 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 segment's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. The definition of average book value is based on using average values for the quarters.

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.

Cashflow from joint ventures

The cashflow received by Intrum in form of distributions and dividends from investments in non-consolidated joint ventures.

Cash multiple

Estimated remaining collections (ERC) on all the Group's portfolio investments, as a share of the total book value amount.

Replenishment investment level

Replenishment investment level defined as keeping 12 month forward ERC divided by last 12 month MoM multiple (quarterly using 1/4 of full year).

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.

Segment earnings

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

Operating margin, segment

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

Net debt

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

RTM

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

Pro forma adjustments

Businesses that have been acquired during the period are included on a pro forma basis during the entire twelve month period.

Net debt/Cash EBITDA

This key figure refers to net debt divided Cash 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 non-consolidated 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.

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 around 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2019, the company generated revenues of 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.

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 this, we offer a full range of services covering companies' entire credit management chain.

Intrum as an investment

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 our view of business. 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 for society as a whole, to perform properly. Intrum plays an important role in this context.

Financial calendar 2020

23 October 2020,
Interim report for the third
quarter

Q4 2020,
Capital Markets Day

28 January 2021,
Year end report 2020