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Press release

ONE Intrum – an industry-defining transformation: Capital Markets Day 2020

– As Local as needed, as Global as possible

Today, Intrum, the market leader in Credit Management Services in Europe, will hold a digital Capital Markets Day where senior management will introduce the company's strategy and updated financial targets for the coming years, as well as the ONE Intrum transformation program.

Following the merger between Intrum Justitia and Lindorff in 2017, Intrum has continued to build its platform as the undisputed market leader in Europe. Supported by long term megatrends and macro-drivers, the company has successfully diversified its capabilities with strong servicing and investing competences, complemented by unmatched scale, footprint and product offering. As a result, Intrum has demonstrated strong momentum in performance and great resilience amid Covid-19, leading the way to a sound economy.

The credit management services industry is under constant development. As the pandemic has advanced the overall digitalisation in society, this has urged the need for adaption of the operational setup of service providers to remain relevant. Intrum has therefore identified the need to transform and simplify the operating model to realise its full potential of scalability and efficiency in order to enhance competitiveness and enable further organic growth. That is why Intrum today presents the ONE Intrum transformation program.

"Through the ONE Intrum transformation program, we will create a new, simple, digital and scalable operating model, allowing for an enhanced and relevant offer adapted to the current and future needs of our clients, customers and society as a whole. ONE Intrum will make growth highly accretive thanks to the scalable operating model with low marginal costs, with this benefit being applicable across all segments. With that in place, Intrum will be ideally positioned to capture the significant

opportunities in both servicing and investing we currently expect” says Anders Engdahl, President and CEO of Intrum.

ONE Intrum – as Local as needed, as Global as possible

By engaging in a fundamental overhaul of the delivery model, ONE Intrum will take the company from multi-local to truly global. This entails establishing a new core operating model and implementing a global digital end-to-end collection process. Through better allocation of resources along the lifecycle of a claim, Intrum will be able to improve efficiency significantly whilst also improving client and customer satisfaction.

As part of ONE Intrum, Intrum’s technology architecture will be transformed. This includes leveraging one common collection system, allowing for fully digitised end-to-end processes where the organisation utilises unified data output from standard processes. The increased digitalisation will ensure optimal utilisation of the company’s size and resources, for example by strengthening online self-service channels, whilst allowing for a more relevant offering in line with market demand. Furthermore, Intrum will implement a new global master data model to ensure increased productivity. One high-performance data hub leveraging Intrum’s vast data set will enable faster and deeper analysis of performance, embedding analytics and machine learning in the collection process.

Building on its leading position and ONE Intrum, the company has the ultimate objective to strengthen its long-term competitive advantages. The new operating model will be characterised by a global system and infrastructure with local expert-driven solutions, allowing the company to fully build on its scale. Simultaneously, the efficiency gains from ONE Intrum will drive margin improvement in the existing business, creating substantial leverage as markets recover in the wake of Covid-19. This, combined with the improved scalability, will enable organic growth while maintaining attractive returns going forward. As a result of this, the company has decided to update its financial targets.

Updated financial targets¹

- **Cash RoIC of at least 10 per cent in the medium term**
Return on Invested Capital (RoIC) is a key profit driver and metric for value creation in the business. Cash RoIC will improve over time as benefits of investments and transformation materialise, generating recurring free cash flow well in excess of the cost of capital.
- **Annual Cash EPS growth of at least 10 per cent in the medium term**
The increasing returns, growth investments and leverage in the business will drive recurring consolidated Cash EPS growth, and hence Intrum will aim to grow its Cash EPS by at least 10 per cent annually.
- **Net debt / Cash EBITDA multiple of between 2.5-3.5x by end of 2022**
Comparing the net indebtedness to a cash flow metric is the most relevant way to assess Intrum's debt capacity. Improving returns enable deleveraging within 2022 target range, while continuing to selectively invest in growth.
- **Absolut annual increase of dividend in line with recurring cash earnings growth in the medium term**
Intrum's Board of Directors intends to annually propose a dividend or its equivalent to shareholders that implies an absolute annual increase, in line with recurring cash earnings growth over time.

Financial impact: One billion for one billion

Total capital expenditure and operating costs for ONE Intrum are expected to amount to approximately SEK 1 billion, plus redundancy costs (classified as Items Affecting Comparability) of approximately SEK 0.6 billion. The transformation project is executed by a dedicated team of subject matter experts augmented by specialist consultant support in order to allow parallel execution while protecting the running business.

ONE Intrum targets annual net savings of SEK 1 billion, and the program is expected to reach its full capacity during 2023. The annual net savings are primarily comprised of cost reductions related to local operations, as the operations will gradually be shifted towards the shared service centres and legacy setups are decommissioned.

Capital Markets Day Webcast

The Capital Markets Day will take place as a live-streamed webcast today, 18 November 2020, at 13:00-16:00 CET and can be followed through the below link: <https://tv.streamfabriken.com/intrum-cmd-2020>

The presentation material will be made available on www.intrum.com/cmd2020 around 16.00 p.m. on 18 November, and the full webcast will be made available on the site later the same day.

¹ Note: For full definitions and metrics of the updated financial targets, please go to <https://www.intrum.com/investors/financial-info/financial-targets/>

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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, the company generated 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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