

**PRESS RELEASE**

Stockholm 25 July 2017

**Intrum Justitia AB, Interim Report January-June 2017****Second Quarter 2017**

- The merger with Lindorff was implemented on June 27, 2017. Accordingly, Lindorff is not included in the consolidated income statement for the second quarter of 2017 but only in the balance sheet for June 30, 2017. In connection with the merger, Intrum Justitia has undertaken to divest its Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. Consequently, Intrum Justitia's Norwegian subsidiaries are reported as discontinued operations for the second quarter and comparative periods.
- On pages 9-11 of the interim report, the development of the merged Group is commented on a pro forma basis, calculated as if Lindorff had been included in the Group throughout the interim period and in the comparative figures. Subsidiaries to be divested are reported pro forma as discontinued operations for the second quarter of 2017 and the comparison periods.
- Consolidated net revenues for the second quarter of 2017 amounted to SEK 1,796 M (1,421). Pro forma net sales amounted to SEK 3,205 M (2,565).
- Operating earnings (EBIT), excluding non-recurring items (NRIs), amounted to SEK 639 M (467). On a pro forma basis, EBIT, excluding NRIs, amounted to SEK 1,059 M (941).
- Net earnings for the quarter amounted to SEK 98 M (354) and earnings per share were SEK 1.32 (4.85). On a pro forma basis, net earnings amounted to SEK –17 M (468).
- Cash flow from operating activities amounted to SEK 703 M (686).
- The carrying amount of purchased debt, excluding Lindorff's purchased debt, has increased by 45 percent compared with the second quarter of 2016. Disbursements for investments in purchased debt during the quarter amounted to SEK 835 M (545). The return on purchased debt was 20 percent (20). On a pro forma basis, the reported value of purchased debt has increased by 31 percent compared with the second quarter of 2016. On a pro forma basis, the quarter's investments in purchased debt amounted to SEK 1,287 M (934). On a pro forma basis, the return on purchased debt was 17 percent (19).
- Net revenue for the quarter in the Credit Management service line increased by 18 percent compared with the corresponding quarter last year, with an operating margin of 26 percent (26) excluding NRIs. On a pro forma basis, revenue from Credit Management rose by 26 percent, and the operating margin was 30 percent (33) excluding NRIs.
- In connection with the merger with Lindorff, Intrum Justitia has successfully refinanced Intrum Justitia's and Lindorff's outstanding debt by issuing bonds for approximately EUR 3 billion at an average interest rate of 2.85 percent.

## **Comment by President and CEO Mikael Ericson**

During the second quarter of 2017, we successfully completed the merger with Lindorff, thereby achieving our goal of establishing the leading player in our segment, with a unique diversification and market position. Together with Lindorff, we have now created a platform for accelerating growth and profitability in the coming years. Although the EU's competition examination resulted in increased demands for concessions in the Nordic countries than we had initially assessed, the industrial logic behind the merger and the potential to generate significant value remain. At the end of June, we also achieved significant progress for the merged company when we refinanced the Group at considerably lower future cost than was originally estimated. We have also appointed a new Group Management and I am highly confident that we now have the leadership necessary to attain the merged company's potential over the coming years.

Financially, we experienced favorable development in the second quarter of 2017. For Intrum Justitia, excluding Lindorff and discontinued operations, we achieved an increase in our operating earnings, excluding non-recurring items, of 37 percent compared with the same period last year. Both Financial Services and Credit Management contributed to this increase, with purchased debt seeing particularly strong development with strong growth in investment and strong collection, which yielded a return on purchased debt of about 20 percent for the quarter.

Pro forma, including Lindorff but excluding discontinued operations, we also experienced favorable development. Revenues increased by 25 percent compared to the same period last year, with both Financial Services and Credit Management achieving similarly strong growth. Investments in purchased debt for the past twelve months amounted to SEK 7 billion, and in the second quarter we made two supplementary acquisitions, in Romania and Italy. We see continued good supply in purchased debt, as well as opportunities for new acquisitions within Credit Management,

In May, we published our annual 'European Payment Report' survey within the framework of our efforts in sustainability and a sound economy. Among other things, this reflected a negative trend in payments to small and medium-sized businesses, resulting in lower growth and fewer new employments. Intrum Justitia is helping address this problem in society by means of information and contacts with politicians, as well as by offering small and medium-sized businesses services to improve their cash flow.

Intrum Justitia enters the second half of the year with the strength and determination to continue offering customers the most competitive solutions in credit management and financial services. Through the merger with Lindorff, we are expanding our opportunities to develop our customer offering in several dimensions. In combination with a continued strong market, I therefore see significant potential for achieving profitable growth in the coming years. During the fourth quarter, we intend to clarify the Group's strategies for the coming years.

## **Presentation of the Interim Report**

The year-end report and presentation materials are available at [www.intrum.com/Investorrelations](http://www.intrum.com/Investorrelations). President & CEO Mikael Ericson and CFO Erik Forsberg will comment on the report at a teleconference on July 25, starting at 9:00 CET. The presentation can be followed at [www.intrum.com](http://www.intrum.com) and/or [www.financialhearings.com](http://www.financialhearings.com). To participate by phone, call +46 8 566 427 00 (SE) or +44 20 300 898 07 (UK).

**For further information**

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Erik Forsberg is the contact person under the EU Market Abuse Regulation.

This information is information that Intrum Justitia AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7.00 A.M. CET on July 25, 2017.

**About Intrum Justitia and Lindorff:**

On June 27th 2017 Intrum Justitia and Lindorff combined to form the industry leading provider of credit management services. Lindorff was founded in 1898 and offers services within debt collection and debt purchase as well as payment and invoicing services. Intrum Justitia was founded in 1923 and offers comprehensive services, including purchase of receivables, designed to measurably improve clients' cash flows and long-term profitability. The combination of Intrum Justitia and Lindorff has local presence in 23 markets across Europe and a team of around 8,000 employees that are committed to promote a sound economy. The combined company had pro-forma revenues of SEK 12.9 billion for the twelve months ending March 2017 and is headquartered in Stockholm, Sweden. Intrum Justitia AB is listed on Nasdaq Stockholm. For further information, please visit [www.intrum.com](http://www.intrum.com) or [www.lindorff.com](http://www.lindorff.com).