Leading the way.

Interim report Third quarter

July–September 2019

intrum

Interim report, third quarter

July–September 2019

Adjusted operating earnings	Return portfolio investments	Net Debt/RTM Cash EBITDA	Earnings per share
+35%	15%	4.4	4.26 SEK

Third quarter, July–September 2019

- Net revenue increased to SEK 3,786 M (3,180).
- Operating earnings improved to SEK 1,375 M (838). The adjusted operating earnings improved to SEK 1,476 M (1,095). The operating margin was 36 percent (26) and the adjusted operating margin was 39 percent (34)
- For Credit Management, the margin was 22 percent (25) and the adjusted margin was 24 percent (27).
- Portfolio investments for the quarter amounted to SEK 831 M (927). The return on portfolio investments was 15 percent (13).
- Earnings for the period amounted to SEK 579 M (396), and earnings per share were SEK 4.26 (3.02).
- Cash flow from operating activities increased to SEK 1,306 M (1,214).
- The Group was refinanced by issuing new bonds with maturities of seven and eight years and with beneficial interest rates.

	Third quarter			9 months			Rolling 12 months	Full year
SEKm, unless otherwise indicated	**July–Sep 2019**	**July–Sep 2018**	**Change %**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Change %**	**Oct 2018–Sep 2019**	**2018**
Revenues	3,786	3,180	19	11,322	9,925	14	14,839	13,442
Operating income (EBIT)	1,375	838	64	4,197	2,975	41	5,200	3,978
EBIT adjusted	1,476	1,095	35	4,387	3,264	34	5,623	4,500
Net earnings	579	396	46	2,197	1,461	50	2,679	1,943
Earnings per share, SEK	4.26	3.02	41	16.06	10.47	53	19.66	14.18
Adjusted CMS Revenues	2,726	2,217	23	7,815	6,854	14	10,218	9,257
Adjusted service line margin CMS, %	24	27		25	27		26	27
Portfolio investments	831	927	–10	3,544	4,685	–24	10,713	11,854
Carrying value portfolio investments	33,196	25,772	29	33,196	25,772	29	33,196	32,261
Return on portfolio investments, ROI, %	15	13		15	14		16	14
Cash EBITDA as per loan covenants	2,609	2,247	16	7,723	6,835	13	10,296	9,776
Net Debt/RTM Cash EBITDA	4.4	3.8		4.4	3.8		4.4	4.3

Comment by the President and CEO

Strong profit growth and solid operational performance

I am pleased that the positive trend of good earnings growth continued in Q3. Adjusted EBIT was up 35 per cent year-on-year, while free cash flow generation also increased. However, our EPS was negatively affected by SEK 0.3 billion of costs associated with our ongoing efficiency improvement programme and refinancing activities. This is fully in line with our expectations and these initiatives are supporting our 2020 targets and puts us in a stronger position in the longer term.

We continue to see a strong pipeline of opportunities across the geographies in which Intrum is active. As the market leader, our diversified footprint and highly disciplined approach allow us to take advantage of this positive market environment and deploy capital at attractive returns.

An active quarter and strengthened position in Greece

Q3 was another active quarter for Intrum during which we took several successful steps to extend and normalise our debt maturity profile on attractive terms, which reflects our market leading position and low-risk business profile.

Throughout the quarter, we worked tirelessly together with Piraeus Bank to ensure that our strategic partnership in Greece starts strongly and we expect the transaction to close shortly. Greece is a large and strategically important market for us, and the partnership enables further CMS growth going forward. It supports our 2020 targets and confirms Intrum as the preferred trusted partner for financial institutions in Europe. With this transaction finalised, we will have established strong market positions across all relevant markets in Europe and our geographical footprint will thereby cover 98 per cent of the European NPL stock.

Solid portfolio investment performance

Our portfolio investment business delivered an ROI of 15 per cent in the period, in line with previous quarters and above our target of 13 per cent. Our portfolio book value grew slightly quarter-over-quarter to SEK 33 billion, indicating that segment performance is well in line with our overall return and book value targets. As in the first half of the year, we continue to see an attractive market environment with both strong supply and stable to improving levels of portfolio returns.

CMS operations performed slightly above our expectations, although Spain is continuing to experience headwinds. These are being addressed with our ongoing efficiency programme and synergies from merging Solvia with our existing platform. The adjusted service line margin of 24 per cent represents a contraction compared to Q2 and last year, owing to our more pronounced

"The foundation has been laid for a more sustainable, customer-focused and dynamic Intrum from 2020 and onwards."

seasonality linked to our added footprint in southern Europe. Underlying FX adjusted external revenue growth excluding Spain and Italy was 1 per cent year-over-year thanks to good client retention levels and new contracts. Excluding Spain and Italy, we also saw our CMS margin expanding from 27 to 28 per cent year-over-year.

Efficiency programme and increased focus on operational excellence

As part of our efforts to increase operational efficiency, we launched an efficiency improvement programme in July, targeting EUR 60 million in bottom line impact. The programme is progressing, and we started to see some initial benefits in terms of common costs towards the end of the quarter. We expect the majority of efficiencies will support our bottom-line earnings in 2020. This lays the ground for a more sustainable, customer focused and agile Intrum beyond 2020.

During the quarter, we also took important steps in our work to standardise and harmonise parts of our operation. By centralising parts of our collection process to our hub in Vilnius, we ensure both improved efficiency and best practice. At the same time, this also improves our client interface with an aligned approach that makes us more competitive locally, while also better meeting the expectations of our international clients who we support across multiple markets. This transformation enables a stronger service offering, while also allowing us to benefit from economies of scale when we implement common processes in all our 24 markets across Europe in the coming years.

Successful refinancing and positive free cash flow generation

During the quarter, we actively pursued the refinancing of parts of our 2022 debt maturity, and successfully issued a seven-year EUR 800 million and an eight-year EUR 850 million senior unsecured fixed rate bond on attractive terms. We have thereby achieved an extension of duration as well as a more evenly distributed maturity profile on our debt.

Our operating cash flow continues to grow and with a seasonally lower investment level, we released SEK 0.2 billion in free cash flow during the quarter. However, our net debt remained largely unchanged quarter-over-quarter due to the adverse FX impact from the weaker Swedish krona.

Creating value for all our stakeholders

At Intrum, we put our purpose at the core of our strategy: leading the way to a sound economy. This can be applied to all our stakeholders. Intrum's business is about helping others. Helping individuals burdened by debt to get out of difficult situations, helping companies to get paid so they can grow, employ and prosper, which is good for society as a whole. A sustainable future is a future with a sound economy.

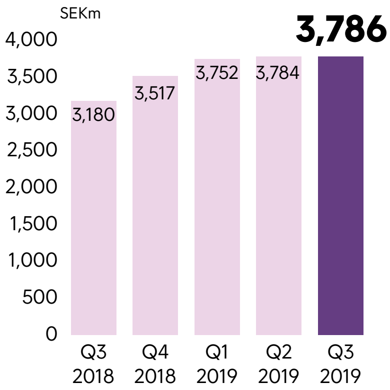
We have come a long way on our journey as the undisputed market leader in Europe and exciting times lie ahead, where the activities we have undertaken in recent years will prove their true impact and value. I look forward to further strengthening Intrum's position and contribute to a financially sustainable society moving into the next decade.

Stockholm, October 2019

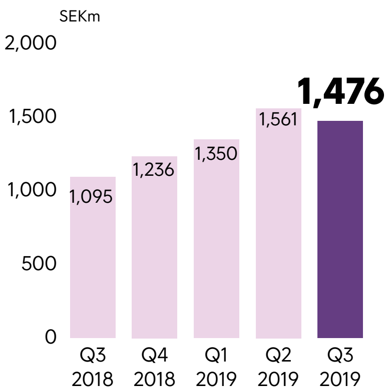
Mikael Ericson
President and CEO

Group

Revenues



EBIT adjusted



Development during the third quarter

Revenues and operating earnings

Consolidated net revenues for the third quarter increased to SEK 3,786 M (3,180), corresponding to a 19 percent increase, with organic growth accounting for –2 percent, acquisitions for 19 percent, revaluations of portfolios for 0 percent and currency effects for 2 percent. The share of revenue denominated in EUR amounted to 61 percent (58).

	Third quarter	9 months
Change in revenues, %	**July–Sep 2019**	**Jan–Sep 2019**
Organic growth	–2	–5
Acquisition-based growth	19	14
Portfolio revaluations	0	0
Other items affecting comparability	0	2
Currency effects	2	3
Total	**19**	**14**

Consolidated operating earnings, EBIT, for the third quarter improved to SEK 1,375 M (838). The adjusted operating earnings, excluding items affecting comparability, improved to SEK 1,561 M (1,196).

Development over the nine-month period January-September

Consolidated net revenues for the interim period increased to SEK 11,322 M (9,925), corresponding to an increase of 14 percent. Consolidated operating earnings, EBIT, over the same period improved to SEK 4,197 M (2,975). The adjusted operating earnings, excluding items affecting comparability, improved to SEK 4,387 M (3,264).

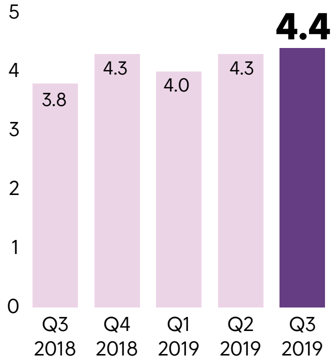
Items affecting comparability

Operating earnings for the quarter included items affecting comparability of SEK –101 M (–257).

Items affecting comparability in operating income

	Third quarter		9 months		Rolling 12 months	Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Oct 2018–Sep 2019**	**2018**
Positive revaluations of portfolio investments	131	126	545	387	953	795
Negative revaluations of portfolio investments	–122	–126	–518	–375	–850	–707
Integration costs Lindorff	–22	–105	–90	–279	–163	–352
Transaction costs for M&A	–27	–103	–138	–158	–204	–224
Impact from early terminated BPO contract	0	0	147	218	107	178
Other items affecting comparability	–61	–49	–135	–82	–265	–212
Total items affecting comparability in operating income	**–101**	**–257**	**–189**	**–289**	**–422**	**–522**

Net Debt/Cash EBITDA as per covenant definition



Net financial items

Net financial items for the quarter amounted to SEK –633 M (–329). Net interest amounted to SEK –381 M (–292), exchange rate differences to SEK –17 M (13) and other financial items to SEK –235 M (–50). Other financial items for the quarter include SEK –190 M (0) in expenses for early redemption of bonds.

Earnings for the period and taxes

Net earnings for the quarter were charged with SEK –163 M (–113), equivalent to an effective tax rate of 22 percent (22). Accordingly, earnings for the period amounted to SEK 579 M (396), corresponding to earnings per share of SEK 4.26 (3.02) 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

	Third quarter		9 months		Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Jan–Sep 2019**	**Jan–Sep 2018**	**2018**
Cash flow from operating activities	1,306	1,214	4,555	4,341	6,154
Cash flow from investing activities	–1,059	–994	–4,477	1,771	–7,925
Total cash flow from operating and investing activities	**247**	**220**	**78**	**6,112**	**–1,771**
Cash flow from financing activities	2,908	259	2,948	–5,581	2,227
Cash flow for the period	**3,155**	**479**	**3,026**	**531**	**456**

Over the quarter, cash flow from operating activities increased to SEK 1,306 M (1,214).

Assets and financing

SEKm	**31 Sep 2019**	**31 Sep 2018**	**31 Dec 2018**
Liquid assets	4,438	1,450	1,348
Portfolio investments total	33,196	25,772	32,261
Client relationships	4,326	1,763	3,670
Goodwill	35,407	31,430	33,055
Other assets	8,351	5,388	5,699
Total assets	**85,718**	**65,803**	**76,033**
Shareholders' equity	27,749	23,326	25,672
Net Debt	44,982	34,698	42,122
Net Debt/Cash EBITDA as per covenant definition	4.4	3.8	4.3

At the end of the quarter, total assets amounted to SEK 86 billion, compared with SEK 76 billion at the end of 2018. Net debt amounted to SEK 45 billion. At the end of the quarter, net debt in relation to rolling 12-month adjusted Cash EBITDA amounted to 4.4, compared with 4.3 at the end of 2018.

The reduction since year-end in the balance sheet positions Property investments and Inventory of real estate is primarily explained by the fact that half of Intrum's shares in the company that holds the real estate purchased by Intrum from Ibercaja Banco SA in the end of 2018 were divested to a co-investor in the first quarter of 2019, and that the company since then is being reported as a joint venture.

In the second quarter Intrum published an updated prospectus, approved by the Swedish Financial supervisory authority, for the company's Medium Term Notes (MTN) programme, allowing the company to issue bonds in the Swedish market for a maximum SEK 5 billion. In the beginning of the third quarter, a four-year unsecured bond for SEK 2 billion was issued, at an interest rate of STIBOR 3m 325+basis points.

During the quarter, Intrum also successfully issued a seven-year, senior unsecured bond of EUR 800 M at a fixed interest rate of 3.5 percent. The cash proceeds were used to refinance a variable rate bond of EUR 300 M and a variable rate bond of SEK 3 billion, which were issued in 2017 and mature in 2022. The surplus proceeds were used to refinance the existing credit facility (RCF).

In addition, Intrum has extended its outstanding MTN bond, which was issued in June 2019 and matures in 2023, by SEK 900 M. The extension was priced to correspond to an interest rate of STIBOR 3m+263 basis points. The funds were used to amortise the existing credit facility (RCF).

Finally, Intrum successfully issued an eight-year, senior unsecured bond at a fixed interest rate of 3.0 percent. The cash proceeds were used to refinance EUR 750 M of Intrum's outstanding senior fixed-rate bonds of EUR 1.5 billion maturing in 2022. The surplus proceeds were used to refinance the existing credit facility (RCF).

By issuing these bonds, Intrum has achieved a more even maturity profile, which has been an important objective for the Company's short to medium-term refinancing strategy.

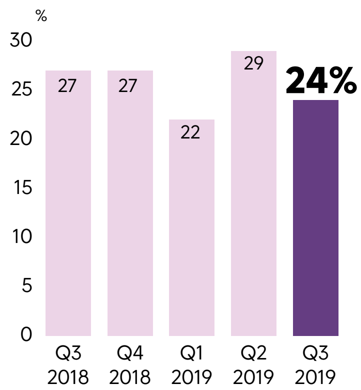
Service lines

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	Third quarter				9 months				Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018–Sep 2019	2018
Revenues	2,726	2,217	23	21	7,992	7,077	13	11	10,395	9,480
Service line earnings	613	553	11	9	2,032	1,924	6	4	2,541	2,433
Adjusted revenues	2,726	2,217	23	21	7,815	6,854	14	12	10,218	9,257
Adjusted service line earnings	651	597	9	7	1,964	1,832	7	5	2,621	2,489
Adjusted service line margin, %	24	27			25	27			26	27

Credit management services, adjusted service line margin



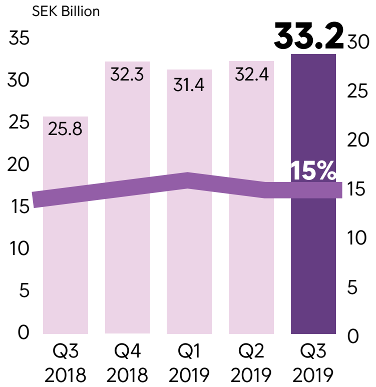
The service line delivered quarterly earnings seasonally lower than those for the second quarter. The seasonal impact has increased compared with the preceding year, since, following the acquisition of Solvia and the transaction with Intesa Sanpaolo, our operations in southern Europe are now larger. Underlying external organic growth in the service line, excluding Spain and Italy, was 1 percent against last year and the margin increased by 1 percentage point to 28 percent.

Portfolio investments

Portfolio investments, i.e. acquisition of portfolios of overdue receivables at less than their nominal value, after 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	Third quarter				9 months				Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018–Sep 2019	2018
Revenues	1,696	1,557	9	7	5,188	4,653	11	9	6,929	6,394
Service line earnings	1,245	837	49	46	3,765	2,543	48	44	4,822	3,600
Adjusted revenues	1,687	1,557	8	6	5,161	4,641	11	8	6,826	6,306
Adjusted service line earnings	1,236	837	48	45	3,739	2,534	48	44	4,721	3,516
Adjusted service line margin, %	73	54			72	55			69	56
Collected amounts	2,679	2,507	7		7,946	7,394	7		10,608	10,056
Amortization	–1,061	–998	6		–3,125	–2,887	8		–4,180	–3,942
Book value	33,196	25,772	29		33,196	25,772	29		33,196	32,261

Portfolio investments, carrying value and return

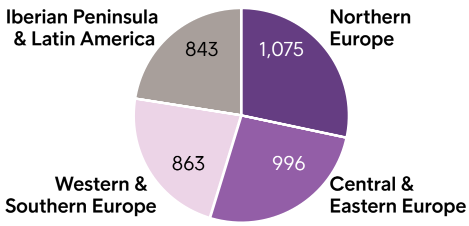


The service line delivered a solid quarter with a stable return, in line with the preceding quarter. During the quarter, market conditions were generally favourable. The level of investment was seasonally lower than for earlier quarters in 2019 and lower than it was in the preceding year. The Italian portfolio, which is owned together with Intesa Sanpaolo, is reported as a joint venture and included in operating earnings, although not in revenues, which affected the margin positively compared with the preceding year.

Regions

Adjusted revenues

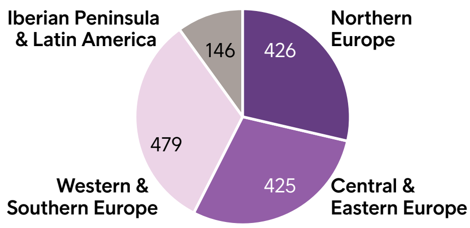
SEKm



Total adjusted revenues **3,777**

EBIT adjusted

SEKm



Total EBIT adjusted **1,476**

Region Northern Europe

Region Northern Europe comprises the Group's activities for external clients and debtors in Denmark, Estonia, Finland, Latvia, Lithuania, Sweden and Norway.

	Third quarter				9 months				Rolling 12 months	Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Change %**	**Fx adjusted %**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Change %**	**Fx adjusted %**	**Oct 2018–Sep 2019**	**2018**
Revenues	1,082	977	11	10	3,136	2,928	7	6	4,188	3,980
Operating earnings (EBIT)	387	316	22	21	1,091	974	12	10	1,411	1,294
Adjusted revenues	1,075	983	9	8	3,135	2,918	7	6	4,219	4,002
EBIT adjusted	426	352	21	20	1,175	1,040	13	11	1,560	1,425
Adjusted EBIT margin, %	40	36			37	36			37	36
Book value portfolio investments	8,370	7,176	17		8,370	7,176	17		8,370	7,567

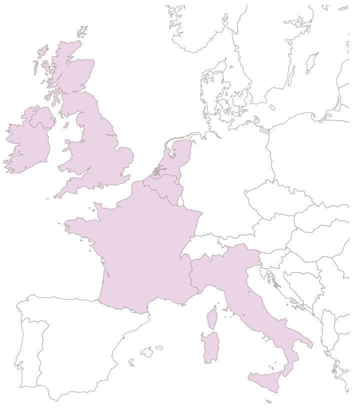
The region reported a strong quarter thanks to growth in both its credit management and portfolio investment business. The earnings for the quarter were favoured by higher levels of tax refunds, which are usually received later in the year, and this is expected to have an impact on the seasonality of the ensuing quarter. From now on, the region will focus on further efficiency enhancements as part of the Group's efficiency programme.

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.

	Third quarter				9 months				Rolling 12 months	Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Change %**	**Fx adjusted %**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Change %**	**Fx adjusted %**	**Oct 2018–Sep 2019**	**2018**
Revenues	1,026	913	12	9	3,210	2,674	20	16	4,326	3,790
Operating earnings (EBIT)	430	341	26	24	1,376	908	52	49	1,845	1,377
Adjusted revenues	996	936	6	3	2,990	2,695	11	7	3,976	3,681
EBIT adjusted	425	396	7	5	1,219	1,056	15	12	1,605	1,442
Adjusted EBIT margin,%	43	42			41	39			40	39
Book value portfolio investments	8,076	7,787	4		8,076	7,787	4		8,076	7,789

In general, the region's earnings for the quarter were stable, with the improvement in the margin partly being attributable to an improvement in Polish operations. During the quarter, the regional organisation worked hard preparing the consolidation of the Piraeus Bank transaction.



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.

	Third quarter				9 months				Rolling 12 months	Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Change %**	**Fx adjusted %**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Change %**	**Fx adjusted %**	**Oct 2018–Sep 2019**	**2018**
Revenues	835	624	34	32	2,448	1,853	32	30	3,159	2,564
Operating earnings (EBIT)	432	–46	–	–	1,124	120	837	833	1,232	228
Adjusted revenues	863	632	37	35	2,628	1,893	39	36	3,357	2,622
EBIT adjusted	479	143	235	227	1,455	420	246	236	1,699	664
Adjusted EBIT margin, %	56	23			55	22			51	25
Book value portfolio investments	12,152	6,945	75		12,152	6,945	75		12,152	10,443

The region's earnings for the quarter show strong growth, thanks largely to the partnership with Intesa Sanpaolo, which was consolidated in December last year. Market activity in the region remains high. Earnings and margins are increasing more than revenues because the joint venture in Italy was only included in earnings and not in revenues.

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	Third quarter				9 months				Rolling 12 months	Full year
	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018–Sep 2019	2018
Revenues	843	666	27	25	2,528	2,470	2	–1	3,167	3,109
Operating earnings (EBIT)	126	227	–44	–47	606	973	–38	–41	712	1,079
Adjusted revenues	843	629	34	32	2,365	2,184	8	6	3,007	2,826
EBIT adjusted	146	204	–28	–30	538	748	–28	–30	759	969
Adjusted EBIT margin, %	17	32			23	34			25	34
Book value portfolio investments	4,598	3,864	19		4,598	3,864	19		4,598	6,462

The region's revenues are increasing due to the acquisition of Solvia, which was consolidated as of May 2019, while earnings continue to be adversely affected by terminated customer contracts and lower volumes in existing contracts. With the integration of Solvia and ongoing efficiency enhancements, profitability is expected to improve towards the end of the year.

Financial reports

Consolidated income statement in summary

SEK m	Third quarter July–Sep 2019	Third quarter July–Sep 2018	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Revenues from clients	2,159	1,671	6,474	5,406	8,308	7,240
Revenue on Portfolio investments calculated using the effective interest method	1,618	1,509	4,821	4,507	6,428	6,114
Positive revaluations of Portfolio investments	131	126	545	387	953	795
Negative revaluations of Portfolio investments	–122	–126	–518	–375	–850	–707
Total revenue	**3,786**	**3,180**	**11,322**	**9,925**	**14,839**	**13,442**
Cost of sales	–2,220	–1,742	–6,409	–5,358	–8,420	–7,369
Gross earnings	**1,566**	**1,438**	**4,913**	**4,567**	**6,419**	**6,073**
Sales, marketing and administrative expenses	–501	–600	–1,701	–1,592	–2,310	–2,201
Participation in joint ventures	310	0	985	0	1,091	106
Operating earnings (EBIT)	**1,375**	**838**	**4,197**	**2,975**	**5,200**	**3,978**
Net financial items	–633	–329	–1,381	–996	–1,748	–1,363
Earnings before tax	**742**	**509**	**2,816**	**1,979**	**3,452**	**2,615**
Tax	–163	–113	–619	–433	–785	–599
Net income from continuing operations	**579**	**396**	**2,197**	**1,546**	**2,667**	**2,016**
Profit from discontinued operations, net of tax	0	0	0	–85	12	–73
Net earnings for the period	**579**	**396**	**2,197**	**1,461**	**2,679**	**1,943**
Of which attributable to:						
Parent company's shareholders	558	397	2,105	1,462	2,579	1,936
Non-controlling interest	21	–1	92	–1	100	7
Net earnings for the period	**579**	**396**	**2,197**	**1,461**	**2,679**	**1,943**
Average no of shares before and after dilution, '000	130,941	131,291	131,108	131,424	131,154	131,391
Earnings per share before and after dilution						
Profit from continuing operations, SEK	4.26	3.02	16.06	11.12	19.57	14.73
Profit from discontinued operations, SEK	0.00	0.00	0.00	–0.65	0.09	–0.56
Total earnings per share before and after dilution, SEK	**4.26**	**3.02**	**16.06**	**10.47**	**19.66**	**14.18**

Consolidated statement of comprehensive income in summary

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Net income for the period	579	396	2,197	1,461	2,679	1,943
Other comprehensive income, items that will be reclassified to profit and loss:						
Currency translation difference	416	–106	981	673	855	547
Other comprehensive income, items that will not be reclassified to profit and loss:						
Remeasurement of pension liability	0	0	0	0	6	6
Comprehensive income for the period	**995**	**290**	**3,178**	**2,134**	**3,540**	**2,496**
Of which attributable to:						
Parent company's shareholders	875	290	2,987	2,134	3,339	2,486
Non-controlling interest	120	0	191	0	201	10
Comprehensive income for the period	**995**	**290**	**3,178**	**2,134**	**3,540**	**2,496**

Consolidated balance sheet in summary

SEKm	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Intangible fixed assets			
Goodwill	35,407	31,430	33,055
Capitalized expenditure for IT development and other intangibles	1,022	438	456
Client relationships	4,326	1,763	3,670
Total intangible fixed assets	**40,755**	**33,631**	**37,181**
Tangible fixed assets			
Right- of use assets	632	0	0
Investment property	0	0	256
Other tangible fixed assets	235	246	237
Total tangible fixed assets	**867**	**246**	**493**
Other fixed assets			
Shares in joint ventures	6,546	1,703	4,746
Other shares and participations	0	4	1
Portfolio investments	26,279	23,914	24,830
Deferred tax assets	613	638	620
Other long-term receivables	199	39	33
Total other fixed assets	**33,637**	**26,298**	**30,230**
Total fixed assets	**75,259**	**60,175**	**67,904**
Current Assets			
Accounts receivable	1,570	720	719
Inventory of real estate	371	155	2,429
Client funds	1,059	853	917
Tax assets	291	304	273
Other receivables	1,389	1,529	1,553
Prepaid expenses and accrued income	1,341	617	890
Cash and cash equivalents	4,438	1,450	1,348
Total current assets	**10,459**	**5,628**	**8,129**
TOTAL ASSETS	**85,718**	**65,803**	**76,033**

Consolidated balance sheet, cont.

SEKm	30 Sep 2019	30 Sep 2018	31 Dec 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to parent company's shareholders	25,308	23,314	23,666
Attributable to non-controlling interest	2,441	12	2,006
Total shareholders' equity	**27,749**	**23,326**	**25,672**
Long-term liabilities			
Liabilities to credit institutions	4,986	109	6,534
Bond loans	39,883	33,447	33,254
Long-term leasing liabilities	456	0	0
Other long-term liabilities	1,038	374	395
Provisions for pensions	268	194	263
Other long-term provisions	6	5	5
Deferred tax liabilities	1,985	1,250	1,729
Total long-term liabilities	**48,622**	**35,379**	**42,180**
Current liabilities			
Liabilities to credit institutions	9	18	296
Bond loans	1,000	1,000	1,000
Commercial paper	3,274	1,380	2,123
Client funds payable	1,059	853	917
Accounts payable	406	476	488
Income tax liabilities	490	440	241
Advances from clients	102	64	59
Short-term leasing liabilities	198	0	0
Other current liabilities	661	1,069	852
Accrued expenses and prepaid income	2,097	1,693	2,056
Other short-term provisions	51	105	149
Total current liabilities	**9,347**	**7,098**	**8,181**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**85,718**	**65,803**	**76,033**

Consolidated statement of changes in shareholders' equity

	2019			2018		
SEKm	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
Dividend	–1,247	–12	–1,259	–1,250		–1,250
Repurchase of shares	–86		–86	–56		–56
Changes in Group structure	–12	256	244		9	9
Comprehensive income for the period	2,987	191	3,178	2,134	0	2,134
Closing Balance, September 30	**25,308**	**2,441**	**27,749**	**23,314**	**12**	**23,326**

Consolidated cash flow statement in summary

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Full year 2018
Cash flows from continuing operations					
Operating activities					
Operating earnings (EBIT)	1,375	838	4,197	2,975	3,978
Depreciation/amortization and impairment write-down	300	154	899	684	900
Amortization/revaluation of purchased debt	1,052	998	3,098	2,875	3,854
Other adjustment for items not included in cash flow	–347	–10	–1,017	–217	–351
Interest received	22	18	44	43	60
Interest paid	–609	–467	–1,317	–1,100	–1,244
Other financial expenses paid	–245	–187	–280	–109	–42
Income tax paid	–267	–112	–480	–321	–590
Cash flow from operating activities before changes in working capital	**1,281**	**1,232**	**5,144**	**4,830**	**6,565**
Changes in factoring receivables	22	–4	–49	–74	–67
Other changes in working capital	3	–14	–540	–415	–344
Cash flow from operating activities	**1,306**	**1,214**	**4,555**	**4,341**	**6,154**
Investing activities					
Purchases of tangible and intangible fixed assets	–89	–68	–438	–224	–306
Portfolio investments in receivables and inventory of real estate	–959	–917	–3,884	–4,158	–6,872
Acquisition of subsidiaries and joint ventures	0	–15	–1,958	–1,678	–8,587
Liquid assets in acquired/divested subsidiaries	0	0	344	–400	–400
Proceeds from divestment of subsidiaries and associated companies	0	0	1,488	7,511	7,511
Other cash flow from investing activities	–11	6	–29	720	729
Cash flow from investing activities	**–1,059**	**–994**	**–4,477**	**1,771**	**–7,925**
Financing activities					
Borrowings and repayment of loans	2,908	259	4,293	–4,275	3,533
Repurchase of shares	0	0	–86	–56	–56
Share dividend to parent company's shareholders	0	0	–1,247	–1,250	–1,250
Dividend to non-controlling shareholders	0	0	–12	0	
Cash flow from financing activities	**2,908**	**259**	**2,948**	**–5,581**	**2,227**
Cash flows from continuing operations	3,155	479	3,026	531	456
Cash flows from discontinued operations	0	0	0	–372	–372
Total change in liquid assets	**3,155**	**479**	**3,026**	**159**	**84**
Opening balance of liquid assets	**1,237**	**968**	**1,348**	**1 ,253**	**1,253**
Exchange rate differences in liquid assets	58	3	64	38	11
Closing balance of liquid assets	**4,450**	**1,450**	**4,438**	**1,450**	**1,348**
Thereof liquid assets in discontinued operations	0	0	0	0	0
Discontinued operations					
Cash flow from operating activities	0	0	0	13	13
Cash flow from investing activities	0	0	0	–589	–589
Cash flow from financing activities	0	0	0	204	204
Group total					
Cash flow from operating activities	1,306	1,214	4,555	4,354	6,167
Cash flow from investing activities	–1,059	–994	–4,477	1,182	–8,514
Cash flow from financing activities	2,908	259	2,948	–5,377	2,431

Net financial items specification

SEKm	Third quarter			9 months			Rolling 12 months	Full year
	July–Sep 2019	July–Sep 2018	Change %	Jan–Sep 2019	Jan–Sep 2018	Change %	Oct 2018–Sep 2019	2018
Interest income	22	18	22	44	43	2	61	60
Interest costs	–392	–310	26	–1,088	–901	21	–1,432	–1,245
Interest cost from the amortization according to the effective interest method of borrowing costs	–23	–20	15	–65	–59	10	–125	–82
Interest cost on leasing liability according to IFRS 16	–11	0		–33	0		–33	0
Currency exchange rate differences	–17	13	–231	15	5	200	29	19
Commitment fee	–22	–27	–19	–51	–76	–33	–76	–101
Other financial items	–190	–3	6,233	–203	–8	2,438	–172	–14
Total net financial items	**–633**	**–329**	**92**	**–1,381**	**–996**	**39**	**–1,748**	**–1,363**

Financial overview

	Third quarter			9 months			Rolling 12 months	Full year
SEKm	**July–Sep 2019**	**July–Sep 2018**	**Change %**	**Jan–Sep 2019**	**Jan–Sep 2018**	**Change %**	**Oct 2018–Sep 2019**	**2018**
Revenues	3,786	3,180	19	11,322	9,925	14	14,839	13,442
Adjusted revenues	3,777	3,180	19	11,118	9,690	15	14,559	13,131
Operating income (EBIT)	1,375	838	64	4,197	2,975	41	5,200	3,978
EBIT adjusted	1,476	1,095	35	4,387	3,264	34	5,623	4,500
Net earnings	579	396	46	2,197	1,461	50	2,679	1,943
Earnings per share, SEK	4.26	3.02	41	16.06	10.47	53	19.66	14.18
Return on equity, %	9	7		8	9		11	8
Equity per share, SEK	193.28	177.57	9	193.28	177.57	9	193.28	195.16
Cash flow from operating activities per share, SEK	9.97	9.25	8	34.74	33.03	5	49.81	48.10
CMS revenues	2,726	2,217	23	7,992	7,077	13	10,395	9,480
- thereof external clients	2,090	1,623	29	6,134	5,272	16	7,910	7,048
- thereof intercompany revenues	636	594	7	1,858	1,805	3	2,485	2,432
Adjusted CMS revenues	2,726	2,217	23	7,815	6,854	14	10,218	9,257
- thereof external clients	2,090	1,623	29	5,957	5,049	18	7,733	6,825
- thereof intercompany revenues	636	594	7	1,858	1,805	3	2,485	2,432
Adjusted service line margin CMS, %	24	27		25	27		26	27
Investments in portfolios	831	927	–10	3,544	4,685	–24	10,713	11,854
Total carrying value of portfolio investments	33,196	25,772	29	33,196	25,772	29	33,196	32,261
- thereof purchased receivables	26,279	23,914	10	26,279	23,914	10	26,279	24,830
- thereof joint ventures	6,546	1,703		6,546	1,703	284	6,546	4,746
- thereof real estate	371	155	139	371	155	139	371	2,685
Return on portfolio investments, %	15	13		15	14		16	14
Amortization percentage, %	40	40	–1	39	39	1	39	39
ERC	61,310	47,874	28	61,310	47,874	28	61,310	57,382
Cash multiple	1.87	2.00	–6	1.87	2.00		1.87	1.94
Average number of employees	8,959	7,571	18	8,545	7,754	8	8,168	7,910

Quarterly overview

SEKm	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017
Revenues	3,786	3,784	3,752	3,517	3,180	3,630	3,115	3,101
Adjusted revenues	3,777	3,780	3,561	3,441	3,180	3,408	3,102	3,145
Operating income (EBIT)	1,375	1,475	1,347	1,003	838	1,240	897	807
EBIT adjusted	1,476	1,561	1,350	1,236	1,095	1,196	973	1,008
Net earnings	579	879	739	482	396	701	364	443
Earnings per share, SEK	4.26	6.26	5.63	3.70	3.02	5.33	2.77	3.37
Return on equity, %	9	13	12	8	7	12	6	8
Equity per share, SEK	193.28	187.54	188.55	195.16	177.58	176.03	179.63	170.59
Cash flow from operating activities per share, SEK	9.97	14.47	10.30	13.81	9.25	12.77	11.01	–
CMS revenues	2,726	2,716	2,550	2,403	2,217	2,651	2,209	2,251
- thereof external clients	2,090	2,099	1,945	1,776	1,623	2,042	1,607	1,695
- thereof intercompany revenues	636	617	605	627	594	609	602	556
Adjusted CMS revenues	2,726	2,714	2,375	2,403	2,217	2,428	2,209	2,251
- thereof external clients	2,090	2,097	1,770	1,776	1,623	1,819	1,607	1,695
- thereof intercompany revenues	636	617	605	627	594	609	602	556
Adjusted service line margin CMS, %	24	29	22	27	27	28	25	27
Investments in portfolios	831	1,436	1,277	5,444	927	2,385	1,373	2,784
Total carrying value of portfolio investments	33,196	32,377	31,392	32,261	25,772	26,102	22,721	21,242
- thereof purchased receivables	26,279	26,228	25,628	24,830	23,914	24,244	22,598	21,149
- thereof joint ventures	6,546	5,815	5,477	4,746	1,703	1,726	0	0
- thereof real estate	371	334	287	2,685	155	132	123	93
Return on portfolio investments, %	15	15	16	15	17	15	15	15
Amortization percentage, %	40	40	38	40	40	39	38	39
ERC	61,310	60,896	58,686	57,382	47,874	49,313	46,929	44,603
Cash multiple	1.87	1.88	1.87	1.94	2.00	2.03	2.08	2.10
Average number of employees	8,959	8,542	8,133	7,711	7,571	7,886	7,806	8,349

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 share, 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 3 2019	Quarter 3 2018	Quarter 3 2017	Quarter 3 2016	Quarter 3 2015
Revenues	3,786	3,180	2,986	1,433	1,334
Adjusted revenues	3,777	3,180	2,985	1,462	1,306
Operating income (EBIT)	1,375	838	977	506	437
EBIT adjusted	1,476	1,095	1,036	520	440
Net earnings	579	396	615	375	330
Earnings per share, SEK	4.26	3.02	4.68	5.14	4.51
Return on equity, %	9	7	11	44	46
Equity per share, SEK	193.28	177.57	166.46	49.58	41.26
Cash flow from operating activities per share, SEK	9.97	9.25	13.65	11.57	11.04
Average number of employees	8,959	7,571	8,349	3,864	3,734

Reconciliation of alternative performance measures

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Items affecting comparability in revenues						
Positive revaluations of portfolio investments	131	126	545	387	953	795
Negative revaluations of portfolio investments	–122	–126	–518	–375	–850	–707
Impact from early terminated BPO	0	0	177	223	177	223
Total items affecting comparability in revenues	**9**	**0**	**204**	**235**	**280**	**311**
Items affecting comparability in operating income						
Positive revaluations of portfolio investments	131	126	545	387	953	795
Negative revaluations of portfolio investments	–122	–126	–518	–375	–850	–707
Integration costs Lindorff	–22	–105	–90	–279	–163	–352
Transaction costs for M&A	–27	–103	–138	–158	–204	–224
Impact from early terminated BPO contract	0	0	147	218	107	178
Other items affecting comparability	–61	–49	–135	–82	–265	–212
Total items affecting comparability in operating income	**–101**	**–257**	**–189**	**–289**	**–422**	**–522**
Items affecting comparability by income statement line						
Revenues from clients	0	0	177	223	177	223
Positive revaluations of portfolio investments	131	126	545	387	953	795
Negative revaluations of portfolio investments	–122	–126	–518	–375	–850	–707
Cost of sales	–37	–44	–109	–134	–35	–60
Sales, marketing and administration costs	–72	–213	–284	–390	–667	–773
Total items affecting comparability in operating income	**–101**	**–257**	**–189**	**–289**	**–422**	**–522**
Revaluations of portfolio investments by geographical region						
Northern Europe	7	–6	1	10	–32	–23
Central & Eastern Europe	30	–23	220	–21	350	109
Western & Southern Europe	–28	–8	–180	–40	–198	–58
Iberian Peninsula & Latin America	0	37	–14	63	–17	60
Total revaluations of portfolio investments	**9**	**0**	**27**	**12**	**103**	**88**
Other items affecting comparability by geographical region						
Northern Europe	–46	–30	–85	–76	–117	–108
Central & Eastern Europe	–25	–32	–63	–127	–110	–174
Western & Southern Europe	–19	–182	–151	–260	–269	–378
Iberian Peninsula & Latin America	–20	–13	82	162	–30	50
Total other items affecting comparability	**–110**	**–257**	**–217**	**–301**	**–526**	**–610**
Other items affecting comparability by service line						
Credit Management Services	–38	–44	68	92	–80	–56
Portfolio Investments	0	0	–1	–3	–2	–4
Common costs	–72	–213	–284	–390	–444	–550
Total other items affecting comparability	**–110**	**–257**	**–217**	**–301**	**–526**	**–610**

Reconciliation of alternative performance measures, cont.

	Third quarter		9 months		Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Jan–Sep 2019	Jan–Sep 2018	Oct 2018–Sep 2019	2018
Adjusted revenue						
Revenues	3,786	3,180	11,322	9,925	14,839	13,442
Items affecting comparability	–9	0	–204	–235	–280	–311
Adjusted revenue	**3,777**	**3,180**	**11,118**	**9,690**	**14,559**	**13,131**
EBIT Adjusted						
Operating income (EBIT)	1,375	838	4,197	2,975	5,200	3,978
Items affecting comparability	101	257	189	289	422	522
Total EBIT Adjusted	**1,476**	**1,095**	**4,386**	**3,264**	**5,622**	**4,500**
Portfolio income excluding revaluations						
Portfolio income	1,219	829	3,704	2,500	4,668	3,464
Revaluations	–9	0	–27	–12	–103	–88
Portfolio income excluding revaluations	**1,210**	**829**	**3,677**	**2,488**	**4,565**	**3,376**
Average carrying value						
Average carrying value receivables	26,254	24,079	25,555	22,532	25,097	22,990
Average carrying value joint ventures	6,181	1,715	5,646	852	4,125	2,373
Average carrying value real estate	353	144	1,528	124	263	145
Total average carrying value	**32,787**	**25,937**	**32,729**	**23,507**	**29,484**	**25,508**
Return including revaluations	**15**	**13**	**15**	**14**	**16**	**14**
Return excluding revaluations	**15**	**13**	**15**	**14**	**15**	**13**
Cash EBITDA						
EBIT	1,375	838	4,197	2,975	5,200	3,978
Deprecation	301	154	900	684	1,116	900
Amortization on portfolios	1,061	998	3,125	2,887	4,180	3,942
Cash EBITDA	**2,737**	**1,990**	**8,222**	**6,546**	**10,496**	**8,820**
Adjustments according to loan covenants:						
Participation in associated companies and joint ventures excl dividend	–229	0	–819	0	–925	–106
Items affecting comparability	101	257	189	289	422	522
Other pro forma adjustments	0	0	131	0	303	540
Cash EBITDA as per covenant definition	**2,609**	**2,247**	**7,723**	**6,835**	**10,296**	**9,776**
Net debt						
Liabilities to credit institutions	4,995	127	4,995	127	4,995	6,830
Bond loans	40,883	34,447	40,883	34,447	40,883	34,254
Provisions for pensions	268	194	268	194	268	263
Commercial paper	3,274	1,380	3,274	1,380	3,274	2,123
Cash and cash equivalents	–4,438	–1,450	–4,438	–1,450	–4,438	–1,348
Net debt at end of period	**44,982**	**34,698**	**44,982**	**34,698**	**44,982**	**42,122**
Net Debt/RTM Cash EBITDA as per covenant definition	**–**	**–**	**–**	**–**	**4.4**	**4.3**

Operating segments

Service lines

Revenues	Third quarter			9 months			Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Jan–Sep 2019	Jan–Sep 2018	Change %	Oct 2018–Sep 2019	2018
Credit Management Services	2,726	2,217	23	7,992	7,077	13	10,395	9,480
Portfolio Investments	1,696	1,557	9	5,188	4,653	11	6,929	6,394
Elimination of intercompany transactions	–636	–594	7	–1,858	–1,805	3	–2,485	–2,432
Total revenues	**3,786**	**3,180**	**19**	**11,322**	**9,925**	**14**	**14,839**	**13,442**

Revenues by type	Third quarter			9 months			Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Jan–Sep 2019	Jan–Sep 2018	Change %	Oct 2018–Sep 2019	2018
External Credit Management revenues	2,090	1,623	29	6,134	5,272	16	7,910	7,048
Collections on portfolio investments	2,679	2,507	7	7,946	7,394	7	10,608	10,056
Amortization of portfolio investments	–1,061	–998	6	–3,125	–2,887	8	–4,180	–3,942
Revaluation of portfolio investments	9	0	–	27	12	125	103	88
Other revenues from Financial Services	69	48	44	340	134	154	398	192
Total revenues	**3,786**	**3,180**	**19**	**11,322**	**9,925**	**14**	**14,839**	**13,442**

Service line earnings	Third quarter			9 months			Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Jan–Sep 2019	Jan–Sep 2018	Change %	Oct 2018–Sep 2019	2018
Credit Management Services	613	553	11	2,032	1,924	6	2,541	2,433
Portfolio Investments	1,245	837	49	3,765	2,543	48	4,822	3,600
Common costs	–483	–552	–13	–1,600	–1,492	7	–2,163	–2,055
Total service line earnings	**1,375**	**838**	**64**	**4,197**	**2,975**	**41**	**5,200**	**3,978**

Adjusted revenues	Third quarter				9 months				Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018–Sep 2019	2018
Credit Management Services	2,726	2,217	23	21	7,815	6,854	14	12	10,218	9,257
Portfolio Investments	1,687	1,557	8	6	5,161	4,641	11	8	6,826	6,306
Elimination of intercompany transactions	–636	–594	7		–1,858	–1,805	3		–2,485	–2,432
Total adjusted revenues	**3,777**	**3,180**	**19**	**17**	**11,118**	**9,690**	**15**	**12**	**14,559**	**13,131**

Service lines, cont.

Adjusted service line earnings

SEKm	Third quarter July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	9 months Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Credit Management Services	651	597	9	7	1,964	1,832	7	5	2,621	2,489
Portfolio Investments	1,236	837	48	45	3,739	2,534	48	44	4,721	3,516
Common costs	–411	–339	21	19	–1,316	–1,102	19	17	–1,719	–1,505
Total adjusted service line earnings	**1,476**	**1,095**	**35**	**32**	**4,387**	**3,264**	**34**	**31**	**5,623**	**4,500**

Service line margin adjusted

%	Third quarter July–Sep 2019	July–Sep 2018	Change %	9 months Jan–Sep 2019	Jan–Sep 2018	Change %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Credit Management Services	24	27		25	27		26	27
Portfolio Investments	73	54		72	55		69	56
Adjusted EBIT margin	**39**	**34**		**39**	**34**		**39**	**34**

Regions

Revenues from external clients

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	Change %	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Change %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Northern Europe	1,082	977	11	3,136	2,928	7	4,188	3,980
Central & Eastern Europe	1,026	913	12	3,210	2,674	20	4,326	3,790
Western & Southern Europe	835	624	34	2,448	1,853	32	3,159	2,564
Iberian Peninsula & Latin America	843	666	27	2,528	2,470	2	3,167	3,109
Total revenues from external clients	**3,786**	**3,180**	**19**	**11,322**	**9,925**	**14**	**14,839**	**13,442**

Intercompany revenues

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	Change %	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Change %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Northern Europe	96	79	22	273	244	12	365	336
Central & Eastern Europe	199	198	1	582	551	6	768	737
Western & Southern Europe	97	94	3	292	264	11	400	372
Iberian Peninsula & Latin America	86	192	–55	238	576	–59	–71	267
Elimination	–478	–563	–15	–1,385	–1,635	–15	–1,462	–1,712
Total intercompany revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Revenues from clients excluding portfolio revenues

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	Change %	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Change %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Northern Europe	672	662	2	2,018	1,958	3	2,710	2,650
Central & Eastern Europe	260	260	0	777	737	5	1,056	1,016
Western & Southern Europe	607	338	80	1,809	1,000	81	2,270	1,461
Iberian Peninsula & Latin America	620	411	51	1,870	1,711	9	2,272	2,113
Total revenues from clients excluding portfolio revenues	**2,159**	**1,671**	**29**	**6,474**	**5,406**	**20**	**8,308**	**7,240**

Operating income (EBIT)

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	Change %	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Change %	Rolling 12 months Oct 2018–Sep 2019	Full year 2018
Northern Europe	387	316	22	1,091	974	12	1,411	1,294
Central & Eastern Europe	430	341	26	1,376	908	52	1,845	1,377
Western & Southern Europe	432	–46	–	1,124	120	837	1,232	228
Iberian Peninsula & Latin America	126	227	–44	606	973	–38	712	1,079
Total Operating income (EBIT)	**1,375**	**838**	**64**	**4,197**	**2,975**	**41**	**5,200**	**3,978**
Net financial items	–633	–329	92	–1,381	–996	39	–1,748	–1,363
Earnings before tax	**742**	**509**	**46**	**2,816**	**1,979**	**42**	**3,452**	**2,615**

Carrying value portfolio investments

SEKm	Third quarter July–Sep 2019	Third quarter July–Sep 2018	Change %	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Change %	Full year 2018
Northern Europe	8,370	7,176	17	8,370	7,176	17	7 567
Central & Eastern Europe	8,076	7,787	4	8,076	7,787	4	7 789
Western & Southern Europe	12 152	6 945	75	12 152	6 945	75	10 443
Iberian Peninsula & Latin America	4,598	3,864	19	4,598	3,864	19	6 462
Total carrying value at end of period	**33 196**	**25 772**	**29**	**33 196**	**25 772**	**29**	**32 261**

Regions, cont.

Adjusted revenues	Third quarter				9 months				Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018– Sep 2019	2018
Northern Europe	1,075	983	9	8	3,135	2,918	7	6	4,219	4,002
Central & Eastern Europe	996	936	6	3	2,990	2,695	11	7	3,976	3,681
Western & Southern Europe	863	632	37	35	2,628	1,893	39	36	3,357	2,622
Iberian Peninsula & Latin America	843	629	34	32	2,365	2,184	8	6	3,007	2,826
Total adjusted revenues	**3,777**	**3,180**	**19**	**17**	**11,118**	**9,690**	**15**	**12**	**14,559**	**13,131**

EBIT adjusted	Third quarter				9 months				Rolling 12 months	Full year
SEKm	July–Sep 2019	July–Sep 2018	Change %	Fx adjusted %	Jan–Sep 2019	Jan–Sep 2018	Change %	Fx adjusted %	Oct 2018– Sep 2019	2018
Northern Europe	426	352	21	20	1,175	1,040	13	11	1,560	1,425
Central & Eastern Europe	425	396	7	5	1,219	1,056	15	12	1,605	1,442
Western & Southern Europe	479	143	235	227	1,455	420	246	236	1,699	664
Iberian Peninsula & Latin America	146	204	–28	–30	538	748	–28	–30	759	969
Total EBIT adjusted	**1,476**	**1,095**	**35**	**32**	**4,387**	**3,264**	**34**	**31**	**5,623**	**4,500**

EBIT margin adjusted	Third quarter			9 months			Rolling 12 months	Full year
%	July–Sep 2019	July–Sep 2018	Change %	Jan–Sep 2019	Jan–Sep 2018	Change %	Oct 2018– Sep 2019	2018
Northern Europe	40	36		37	36		37	36
Central & Eastern Europe	43	42		41	39		40	39
Western & Southern Europe	56	23		55	22		51	25
Iberian Peninsula & Latin America	17	32		23	34		25	34
Adjusted EBIT margin	**39**	**34**		**39**	**34**		**39**	**34**

Income statement – parent company

SEKm	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Full year 2018
Revenues	174	133	215
Gross earnings	**174**	**133**	**215**
Sales and marketing expenses	–17	–38	–46
Administrative expenses	–498	–577	–726
Operating earnings (EBIT)	**–341**	**–482**	**–557**
Income from subsidiaries	158	1,795	2,008
Exchange rate differences on monetary items classified as expanded investment and hedging activities	–806	–1,028	–589
Net financial items	–315	–382	–516
Earnings before tax	**–1,304**	**–97**	**346**
Tax	0	0	–191
Net earnings for the period	**–1,304**	**–97**	**155**

Statement of comprehensive income – parent company

SEKm	9 months Jan–Sep 2019	9 months Jan–Sep 2018	Full year 2018
Net earnings for the period	–1,304	–97	155
Total comprehensive income	**–1,304**	**–97**	**155**

Balance sheet – parent company

SEKm	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Fixed assets			
Intangible fixed assets	118	17	43
Tangible fixed assets	13	0	5
Financial fixed assets	54,236	48,776	54,969
Total fixed assets	**54,367**	**48,793**	**55,017**
Current assets			
Current receivables	16,512	8,996	11,751
Cash and cash equivalents	0	439	251
Total current assets	**16,512**	**9,435**	**12,002**
TOTAL ASSETS	**70,879**	**58,228**	**67,019**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity	285	285	285
Unrestricted equity	13,525	15,907	16,162
Total shareholders' equity	**13,810**	**16,192**	**16,447**
Long-term liabilities	49,087	35,951	42,995
Current liabilities	7,982	6,085	7,577
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**70,879**	**58,228**	**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 174 M (133) for the nine-month period and earnings before tax of SEK –1,304 M (–97), including share dividends and gains on disposals attributable to subsidiaries of SEK 158 M (1,795). Earnings for the corresponding interim period in 2018 included the Parent Company's gains on disposals of subsidiaries, which corresponded to amounts differing from the earnings in the consolidated accounts. The Parent Company invested SEK 97 M (11) in fixed assets during the nine-month period and had, at the end of the period, SEK 0 M (439) in cash and cash equivalents. The average number of employees was 68 (71).

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 2018 Annual Report, with the following exceptions.

The Group applies IFRS 16 Leases as of 2019. See also Note 1 in the 2018 Annual Report. IFRS 16 stipulates that for both financial and operational leases of significance, a right of use asset and a lease liability are to be recognised. The exception is short-term leases and lease agreements for lower-value assets, for which lease fees are expensed on a straight-line basis. The right of use asset is recognised with linear amortisation over the term of the contract. The lease liability is recognised including interest expenses in accordance with the effective interest rate method. The introduction of IFRS 16 entails lease liabilities being recognised for lease agreements previously classified as operational leases in accordance with IAS 17. These liabilities are valued at the present value of the future minimum lease payments, discounted at the marginal loan rate. Intrum applied the modified retroactive method, meaning that the effect of introducing IFRS 16 was recognised directly against the opening balance without the comparison figures being recalculated. The principal effects on Intrum's accounting were 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.

Intrum has also made a new interpretation of the rules in RFR 2 Accounting legal entities, entailing the Parent Company's exchange rate differences attributable to the hedging of the Group's exchange rate risk in foreign operations no longer being reported under Other comprehensive income but under Net financial items in the Parent Company's income statement. Comparison figures for the preceding year were recalculated in the same way. The amended interpretation with regard to the Parent Company's accounting has no impact on the consolidated financial statements.

Transactions with related parties

During the quarter, there have been no significant transactions between Intrum 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 programme in our credit management operations. Intrum will gradually centralise, standardise 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.

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. Bonds with a carrying value of SEK 40,883 M as of 30 September 2019, however had an estimated fair value of SEK 41,277 M. As of 31 December 2018, bonds with a carrying value of SEK 34,254 M had a fair value of SEK 31,606 M. The Group also has financial assets and liabilities in the form of currency forward exchange contracts, which are carried in the accounts at fair value in the income statement. They amount to small sums.

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

Piraeus Bank Recovery Business Unit

In the second quarter, Intrum agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The operations will be separated from the bank and consolidated by Intrum in a separate legal entity, in which Intrum acquires 80 percent of the shares in the company. The transaction is expected to be closed shortly. The acquisition analysis has yet to be prepared.

Adjustment of joint venture

In the fourth quarter of 2018, acquisition transactions were finalised related to a partnership agreement with the Italian bank Intesa Sanpaolo, with, among other things, Intrum acquiring an ownership share in a joint venture that has taken over a portfolio of overdue receivables from the bank.

In the third quarter of 2019, Intrum reclassified a receivable of SEK 389 M to the acquisition cost for the ownership share in the joint venture and thus at a surplus value in the underlying assets.

Solvia

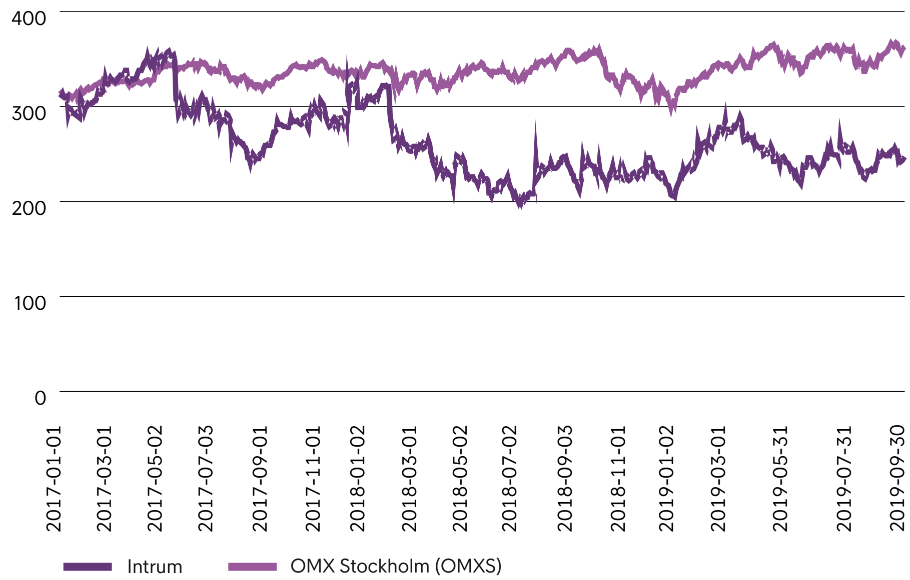
In the second quarter, Intrum acquired 80 percent of the shares in the Spanish company Solvia Servicios Inmobiliaros. The preliminary purchase price analysis appeared in the interim report for January–June 2019, and has not been revised:

SEKm	Carrying value before acquisition	Fair value adjustments	Fair value
Client relationships	0	708	708
Other tangible and intangible fixed assets	603	–67	536
Deferred tax asset	23	86	109
Other receivables	1,353	–398	955
Cash and bank	337		337
Deferred tax liability	0	–177	–177
Other liabilities and provisions	–403	–12	–415
Net assets	**1,913**		**2,053**
Non-controlling interest			–411
Purchase price paid			1,937
Deferred payment of purchase price			625
Goodwill			920
Cash and bank in acquired company			337

The share

Intrum's share is included in Nasdaq Stockholm's Large Cap list. During the period 1 July – 30 September 2019, 14,543,633 shares were traded for a total value of SEK 3,606 M, corresponding to 11 percent of total number of shares at the end of the period. The highest price paid during the period 1 July – 30 September 2019 was SEK 264.40 (18 July) and the lowest was SEK 224.40 (15 August). On the last trading day of the period, 30 September 2019, the price was SEK 247.40 (latest paid). During the period 1 July – 30 September 2019, Intrum's share price rose by 4 percent, while Nasdaq OMX Stockholm rose by 2 percent.

Share price, SEK



Shareholders

30 September 2019	No of shares	Capital and Votes, %
Nordic Capital	57,728,956	44.1
Sampo Oyj	6,877,968	5.3
NN Investment Partners	6,191,359	4.7
Handelsbanken Funds	5,188,678	4.0
AMF Insurance & Funds	2,571,940	2.0
Vanguard	2,524,334	1.9
Lannebo Funds	2,501,760	1.9
AFA Insurance	2,054,271	1.6
TIAA - Teachers Advisors	2,008,394	1.5
Swedbank Robur Funds	1,949,663	1.5
BNP Paribas Asset Management	1,821,479	1.4
Jupiter Asset Management	1,473,228	1.1
Folketrygdfondet	1,047,404	0.8
TimesSquare Capital Management	1,034,161	0.8
BlackRock	1,021,596	0.8
Total, fifteen largest shareholders	95,995,191	73.3
Total number of shares:	**130,941,320**	

Source: Modular Finance Holdings and Intrum

Treasury shares, 600,000 shares, are not included in the total number of shares outstanding. Swedish ownership accounted for 23.4 percent (institutions 6.2 percentage points, mutual funds 11.2 percentage points, retail 6.0 percentage points).

Currency exchange rates

	Closing rate 30 Sep 2019	Closing rate 30 Sep 2018	Average rate July–Sep 2019	Average rate July–Sep 2018	Average rate Jan–Sep 2019	Average rate Jan–Sep 2018
1 EUR=SEK	10.72	10.29	10.67	10.41	10.57	10.23
1 CHF=SEK	9.87	9.10	9.75	9.11	9.45	8.82
1 NOK=SEK	1.08	1.09	1.08	1.09	1.08	1.07
1 HUF=SEK	0.0320	0.0317	0.0325	0.0321	0.0327	0.0322

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 publish under the EU Market Abuse Regulation. The information was provided under the auspices of the contact person above for publication on 23 October 2019 at 7.00 a.m. CET.

Financial calendar 2019

23 October, 2019, Interim report for the third quarter
29 January, 2020, Year-end report 2019
22 April 2020, Interim report for the first quarter
17 July 2020, Interim report for the second quarter
21 October 2020, Interim report for the third quarter
28 January 2021, Year-end report 2020

The 2020 Annual General Meeting of Intrum will be held on Wednesday, 22 April 2020 at 3.00 p.m. CET at the Company's offices at Hesselmans torg 14, Nacka, Sweden.

Interim reports and other financial information are available via www.intrum.com

Denna delårsrapport finns även på svenska.

Stockholm, 23 October 2019

Mikael Ericson
President and CEO

Review report

To the Board of Directors of Intrum AB (publ),
corporate identity number 556607-7581.

Introduction

We have reviewed the summary financial information (interim report) as per 30 September 2019 and for the nine-month period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information performed by the Company's elected auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has another focus and is substantially less in scope than an audit conducted in accordance with the ISA International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 23 October 2019
Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

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. 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 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.

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 revaluations of portfolio investments, 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 2018, the company generated revenues of SEK 13.4 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 i 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