



Presentation of Q1 2015 results

KRUK Group

May 10th 2015



Agenda

Introduction

Operating activities

Financial performance

Appendices

KRUK in Q1 2015: a record net profit of PLN 51m, high recoveries of PLN 187m, and PLN 45m of new investments

Strong increase in net profit

- In Q1 2015, net profit increased to PLN 50.6m and was 27% higher year on year and 97% higher quarter on quarter.
- In Q1 2015 alone, the Company generated a net profit representing one-third of its net profit for the entire 2014.

High recoveries

- In Q1, recoveries from purchased debt reached PLN 187.2m, up 22% on PLN 153.8m recovered in Q1 2014.
- Over the last four quarters, recoveries totalled PLN 745.4m.
- The macroeconomic situation has a positive effect on recoveries from the debt portfolios purchased to date. The nominal value of the portfolios stood at PLN 22.2bn at the end of Q1 2015.

New investments

- In Q1 2015, the KRUK Group invested PLN 44.9m in 14 debt portfolios with a total nominal value of PLN 511m.
- After adjustment for investments in mortgage-backed debt portfolios, the expenditure was 13% higher year on year.
- Banks in Poland, Romania, the Czech Republic and Slovakia plan to maintain the high supply of debt portfolios.

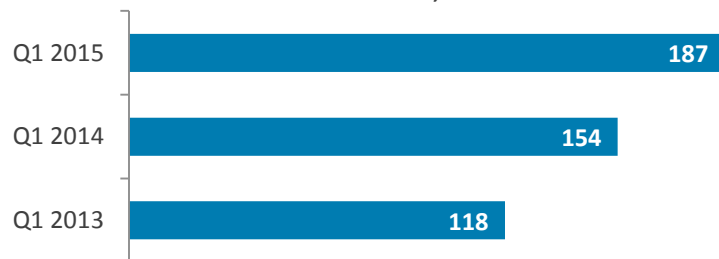
Availability of cost-effective financing with low debt ratios

- As at the end of Q1 2015, the total amount available under credit facilities was PLN 440m, with 67% of the amount drawn by the end of March.
- In May, the KRUK Management Board passed resolutions concerning a PLN 100m private bond placement and PLN 20m public bond issue.
- In the public offering, KRUK will offer retail investors bonds maturing in five years and bearing fixed interest of 4.5% per annum.

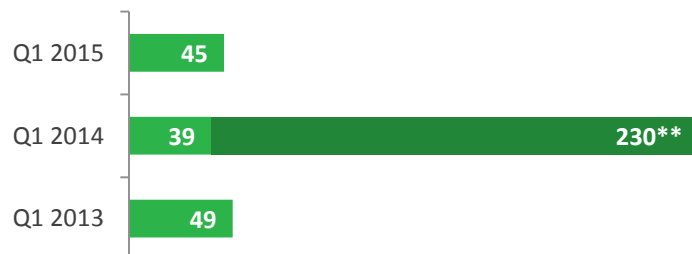
KRUK recorded high recoveries from purchased debt and improved the results of the debt collection outsourcing and other services segment

Debt portfolios purchased

Cash recoveries, PLNm

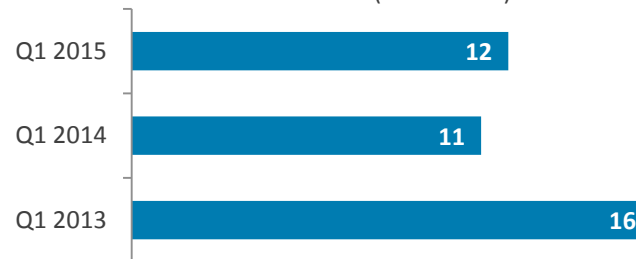


Investments, PLNm

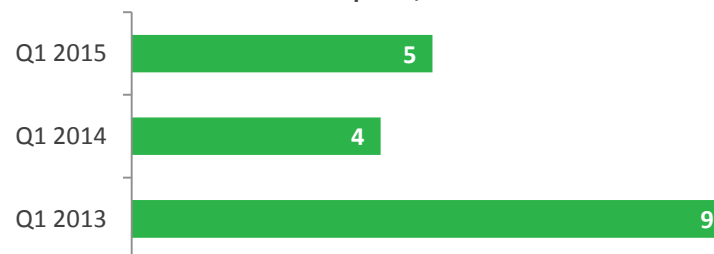


Debt collection outsourcing and other services*

Revenue (PLN million)



Gross profit, PLNm



(PLNm)	Q1 2013	change 2014/2013	Q1 2014	change 2015/2014	Q1 2015	2014	% of 2014
Revenue	95.9	25%	120.1	11%	133.2	487.9	27%
EBIT	33.9	52%	51.4	18%	60.7	208.2	29%
Cash EBITDA***	74.8	32%	98.8	31%	129.5	489.0	26%
Net profit	19.7	103%	40.0	26%	50.6	151.8	33%
ROE rolling	25.6%	-	25.7%	-	25.5%	25.9%	-

* Credit Reference Agencies ERIF, Novum loan products

** PLN 230m expenditure on the mortgage-backed debt portfolio purchased from Getin Noble Bank

*** Cash EBITDA = EBITDA + recoveries from purchased debt portfolios – revenue from collection of purchased debt

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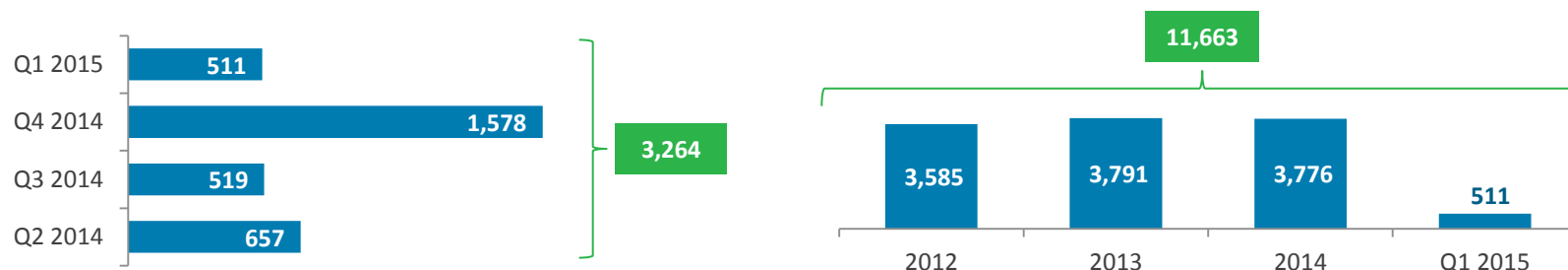
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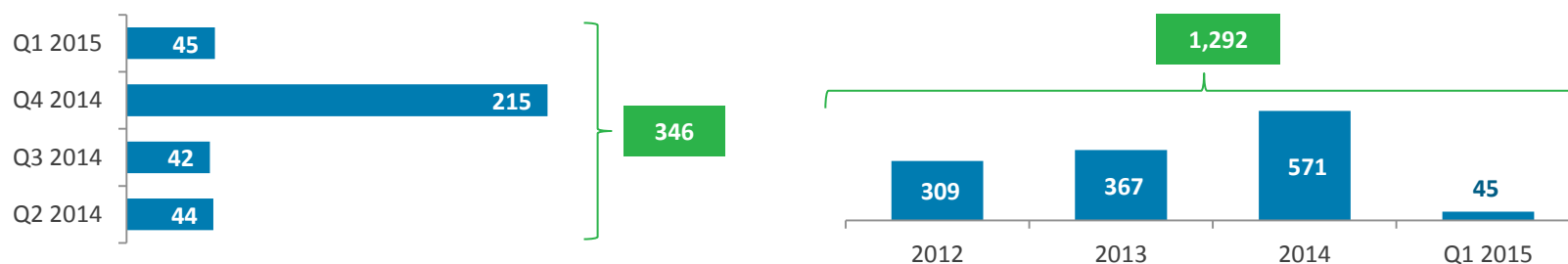
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At PLN 346m for the last four quarters, the expenditure on new debt portfolios will support future results

Nominal value of purchased debts (PLNm)

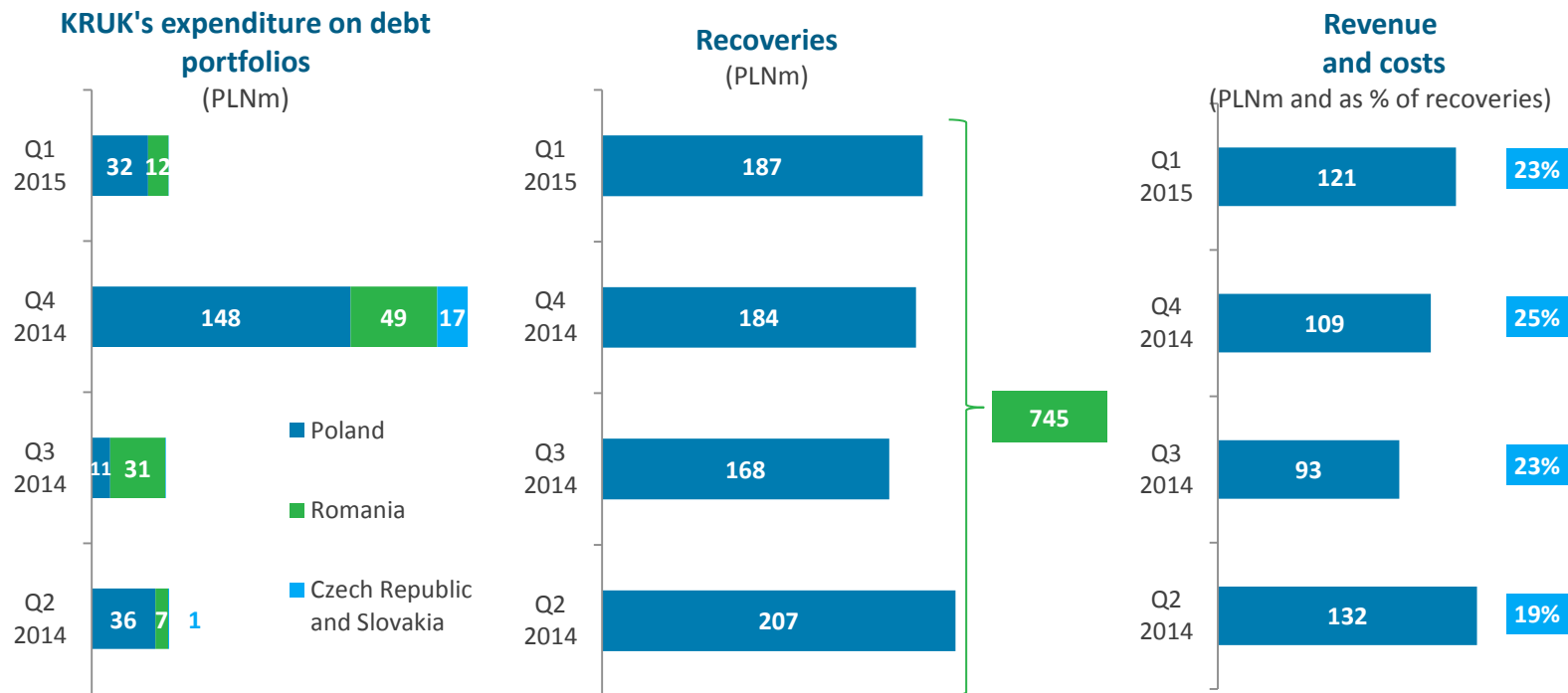


Investments in new debt portfolios (PLNm)



- Despite the usually slow beginning of the year, in Q1 2015 the KRUK Group managed to invest PLN 45m in debt portfolios with the nominal value exceeding PLN 511m. The expenditure was 16% year on year (net of the mortgage-backed debt portfolio).
- On average, in Q1 2015 the KRUK Group paid 8.8% of the nominal value, compared with 15.1% and 9.7% in the entire 2014 and 2013, respectively. The higher price paid in the previous year is attributable to the purchase of a mortgage-backed debt portfolio.

Investments made in the past quarters have brought tangible effects: recoveries of more than PLN 187m in Q1 2015

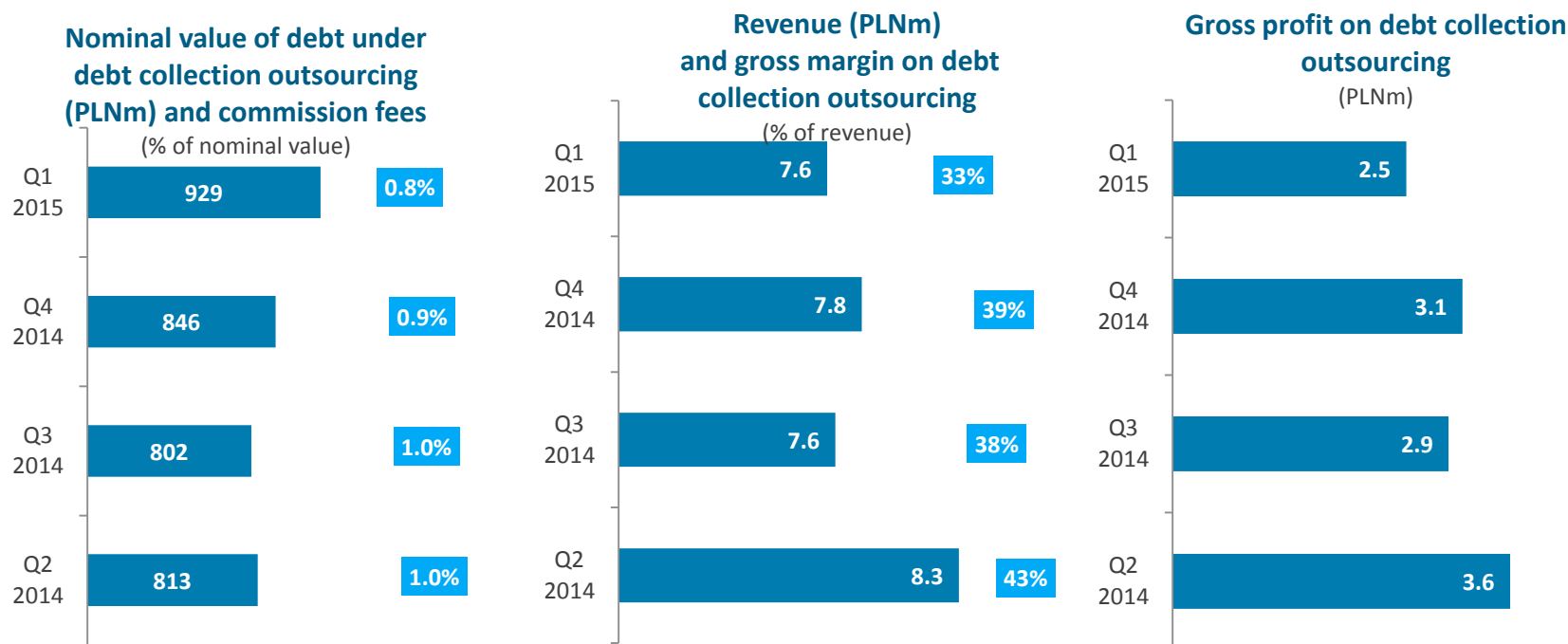


- KRUK has made good investments despite the fact that the beginning of the year tends to be rather slow
- The Group expects a large number of transactions on the market this year.

- Over the last four quarters, recoveries from purchased debt portfolios amounted to PLN 745m.
- The macroeconomic situation has a positive effect on recoveries

- The Group maintains high operational efficiency and a low ratio of costs to recoveries, which in Q1 2015 stood at 23%, down by 2pps year on year.

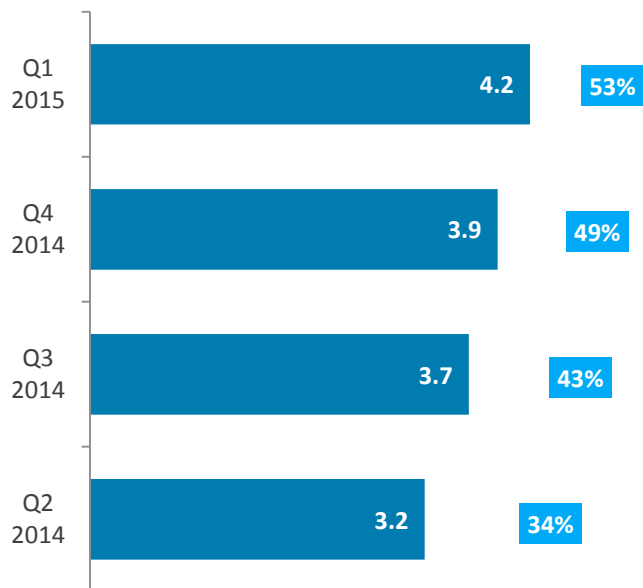
KRUK generates consistent revenue streams on the competitive debt collection outsourcing market



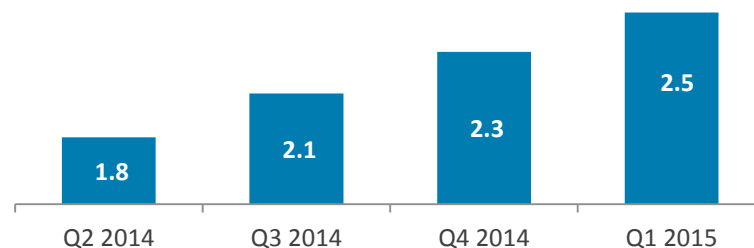
- Over the last four quarters, the nominal value of debt under debt collection outsourcing increased by 14%, with stable revenues and margin.
- The KRUK Group performs well on the competitive debt collection outsourcing market by leveraging its economies of scale and high operational efficiency.

Credit Reference Agencies ERIF and Novum loan products generate dynamic growth and high margins

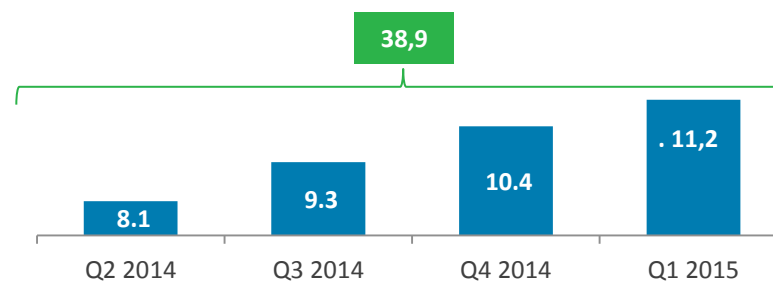
Revenue (PLNm) and gross margin on other services
(% of revenue)



Number of cases in Credit Reference Agencies ERIF (m)



Value of Novum loans (PLNm)



- Other services are increasingly important part of KRUK Group business and in Q1 2015 generated 3% of total revenue with 50% gross margin.
- Number of cases in Credit Reference Agencies ERIF grew for 35% over the last four quarters and the value of Novum loans grew for almost 40% to PLN 11.2m.

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KRUK – fast-growing and highly profitable business with strong cash flows

PLNm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	Q1 2015	Q1 2014/ Q1 2015
Debt portfolios purchased							
Expenditure on debt portfolios	268.9	44.2	41.6	215.4	570.7	44.9	-83%
recoveries	153.8	206.6	167.9	183.5	711.8	187.2	22%
Statement of profit or loss							
Revenue	120.1	143.6	103.8	120.4	487.9	133.2	11%
Revenue from own debt portfolios	109.1	132.1	92.5	108.7	442.4	121.4	11%
including revaluation	5.7	12.4	-13.3	2.6	7.5	2.1	-
Revenue from debt collection outsourcing	8.0	8.3	7.6	7.8	31.7	7.6	-5%
Revenue from other products and services	3.0	3.2	3.7	3.9	13.8	4.2	41%
Gross profit	69.4	98.4	58.1	68.1	293.9	83.4	20%
<i>Gross margin</i>	<i>58%</i>	<i>68%</i>	<i>56%</i>	<i>57%</i>	<i>60%</i>	<i>63%</i>	-
Own debt portfolios	65.5	93.7	53.5	63.1	275.9	78.6	20%
Debt collection outsourcing	2.8	3.6	2.9	3.1	12.4	2.5	-12%
Other products and services	1.1	1.1	1.6	1.9	5.7	2.3	109%
Administrative expenses	15.5	17.1	17.1	22.6	72.4	19.2	24%
Cost of management stock options	0.2	2.9	1.3	2.8	7.3	2.7	-
EBITDA	54.1	80.0	40.4	45.0	219.5	63.6	18%
<i>EBITDA margin</i>	<i>45%</i>	<i>56%</i>	<i>39%</i>	<i>37%</i>	<i>45%</i>	<i>48%</i>	-
NET PROFIT	40.0	60.1	26.0	25.7	151.8	50.6	27%
<i>net profit margin</i>	<i>33%</i>	<i>42%</i>	<i>25%</i>	<i>21%</i>	<i>31%</i>	<i>38%</i>	-
<i>ROE rolling</i>	<i>26%</i>	<i>28%</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>25%</i>	-
CASH EBITDA*	98.8	154.5	115.8	119.9	489.0	129.5	31%

Source: KRUK S.A.
*Cash EBITDA = EBITDA + recoveries from purchased debt portfolios – revenue from collection of purchased debt

The KRUK Group – P&L by geographical segments (presentation format)

PLNm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	Q1 2015	Q1 2014/ Q1 2015
Revenue	120.1	143.6	103.8	120.4	487.9	133.2	11%
Poland	71.7	90.5	52.8	69.4	284.4	70.2	-2%
Romania	41.2	46.8	50.5	44.2	182.7	58.4	42%
Other countries	7.3	6.4	0.5	6.7	20.9	4.7	-36%
Gross profit	69.4	93.0	58.1	68.1	293.9	83.4	12%
<i>Gross margin</i>	<i>58%</i>	<i>65%</i>	<i>56%</i>	<i>57%</i>	<i>60%</i>	<i>63%</i>	-
Administrative expenses	-15.5	-17.1	-17.1	-22.6	-72.4	-19.2	-
EBITDA	54.1	80.0	40.4	45.0	219.5	63.6	18%
<i>EBITDA margin</i>	<i>45%</i>	<i>56%</i>	<i>39%</i>	<i>37%</i>	<i>45%</i>	<i>48%</i>	-
Finance income/costs	-12.4	-16.8	-12.5	-13.7	-55.3	-10.8	-
Net profit	40.0	60.1	26.0	25.7	151.8	50.6	27%
<i>Net margin</i>	<i>33%</i>	<i>42%</i>	<i>25%</i>	<i>21%</i>	<i>31%</i>	<i>38%</i>	-

The KRUK Group – strong cash flows ensure high liquidity of business operations

PLNm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	Q1 2015	Q1 2014/ Q1 2015
Cash flows from operating activities:	77.9	137.6	119.1	97.6	432.3	114.3	47%
Recoveries from debtors – purchased debt portfolios	153.8	206.6	167.9	183.5	711.8	187.2	22%
Operating costs – purchased debt portfolios	-43.6	-38.4	-39.0	-45.5	-166.5	-42.8	2%
Operating margin – debt collection outsourcing	2.8	3.6	2.9	3.1	12.4	2.5	-12%
Administrative expenses	-15.5	-17.1	-17.1	-22.8	-72.6	-19.2	-24%
Other operating cash flow	-19.5	-17.1	4.4	-20.7	-52.9	-13.6	30%
Cash flows from investing activities:	-273.8	-47.0	-44.1	-217.2	-582.1	-46.8	83%
Expenditure on debt portfolio purchases	-268.9	-44.2	-41.6	-216.1	-570.7	-44.9	83%
Other investing cash flow	-4.9	-2.8	-2.6	-1.1	-11.4	-1.9	62%
Cash flows from financing activities:	229.8	-90.3	-94.4	140.1	185.2	-99.9	-143%
Increase in borrowings and lease liabilities	270.5	626.5	337.8	464.1	1,698.8	212.8	-21%
Issue of bonds	0.0	0.0	0.0	45.0	45.0	0.0	-
Decrease in borrowings and lease liabilities	-280.7	-422.0	-392.6	-367.0	-1,462.3	-254.8	-
Redemption of bonds	-20.0	-33.4	-47.0	-29.5	-129.9	-29.0	-
Other financing cash flow	260.0	-261.3	7.4	27.5	33.6	-28.9	-
Net cash flows:	33.9	0.2	-19.4	20.5	35.3	-32.4	-

Source: KRUK S.A.

The KRUK Group – selected balance-sheet items (presentation format)

PLNm	Q1 2014	2014	Q1 2015
ASSETS			
Cash and cash equivalents	36.3	70.5	38.2
Investments in debt portfolios and loans	1,287.0	1,380.2	1,352.2
Other assets	99.7	79.6	66.9
Total assets	1,423.0	1,516.6	1,457.3
EQUITY AND LIABILITIES			
Equity	458.8	585.1	637.9
including: Retained earnings	351.1	462.9	513.5
Liabilities	964.2	931.6	819.4
including: Borrowings and leases	103.7	349.2	305.9
Bonds	554.7	489.5	460.4
Total equity and liabilities	1,423.0	1,516.6	1,457.3
RATIOS			
Interest-bearing debt	658.4	838.6	766.3
Net interest-bearing debt	589.2	768.1	728.2
Net interest-bearing debt to equity	1.3	1.3	1.1
Interest-bearing debt to 12-month cash EBITDA*	1.6	1.6	1.4

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KRUK made it to the top and was named the 2014 Listed Company of the Year of the Year A boost to our PR efforts on the German market

2014 Listed Company of the Year

Twitter – a new IR communications channel

The Management Board's video comments on current developments at the Company

Meetings with key finance journalists from the German market and acquainting them with KRUK Deutschland's strategy



Podsumowanie 2014 roku w Grupie KRUK

17-03-2015

Zapraszamy do zapoznania się z videokomentarzem prezesa Piotra Krupy dot. sytuacji finansowej spółki, zmiany n gospodarczych.



Summary of 2014 in KRUK Group

17-03-2015

We would like to invite you for getting close with KRUK Group comments referring to current financial situation of comp economic affairs.



Selected events after the end of the first quarter

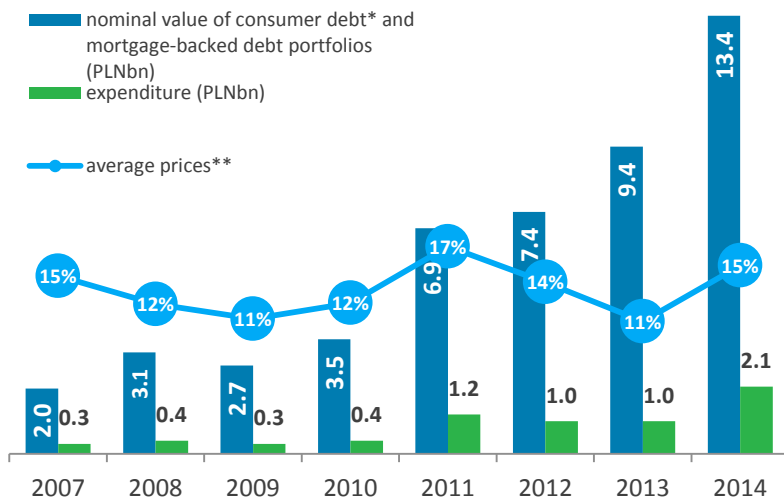
- After the end of the quarter, in Romania KRUK purchased a debt portfolio with the nominal value of PLN 761m, from Piraeus Bank Romania S.A., for PLN 50m, marking the largest transaction in the history of the Romanian debt portfolio market.
- The KRUK Management Board passed resolutions concerning a PLN20m public bond issue and PLN 100m private bond placement.
- The tenor for public bond issue and private placement of bonds will be five and six years, respectively
- In the public offering, KRUK will offer retail investors bonds bearing fixed interest of 4.5% per annum.

KRUK growth matrix – strong potential for business growth across products and geographical regions

Current business lines		Poland	Romania	Czech Republic	Slovakia	Germany	Spain	Italy	Portugal	United Kingdom
Debt portfolio purchases	Consumer	✓	✓	✓	✓	✓				
	Mortgage	✓	✓							
	Corporate	✓	✓							
Debt collection outsourcing		✓	✓	✓	✓					
Consumer loans		✓								
Credit information		✓								

2014 saw a twofold growth of expenditure in the Polish consumer and mortgage-backed debt market

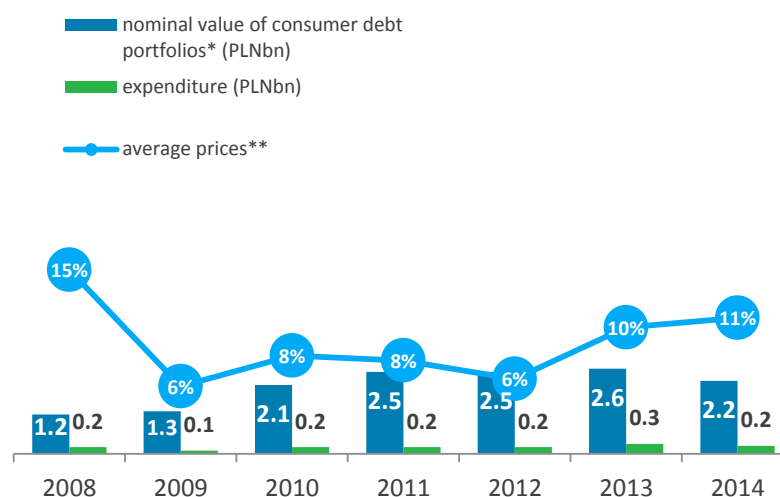
Poland



- The supply of non-performing retail debt reached a historical high of PLN 13.4bn, with expenditure on retail debt portfolios doubling year on year.

- The significant increase in nominal value followed from an over 20% rise in the consumer debt segment (from PLN 9.4bn to PLN 11.7bn) and sale by banks of large mortgage-backed debt portfolios with a total nominal value of PLN 1.7bn.

Romania



- The supply of consumer debt on the Romanian market in 2014 remained high at approximately PLN 250m, with the nominal value of PLN 2.2bn.

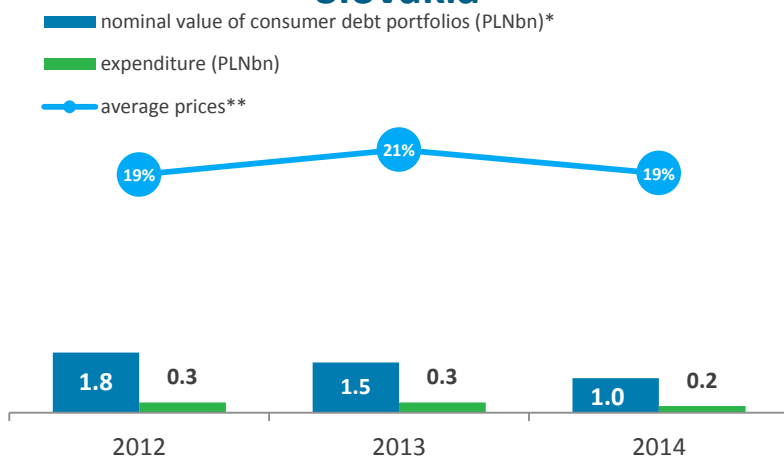
- In the same period, the market of mortgage-backed and corporate debt opened in Romania, worth PLN 1.8bn and PLN 5.1bn, respectively, in nominal terms.
- KRUK intends to be an active player in all three segments in 2015.

*Consumer portfolios = unsecured retail debt + non-mortgage-backed SME debt

** Average price as % of nominal value.

Stable expenditure on consumer debt portfolios in the Czech Republic in 2014; growth potential of the domestic corporate debt market

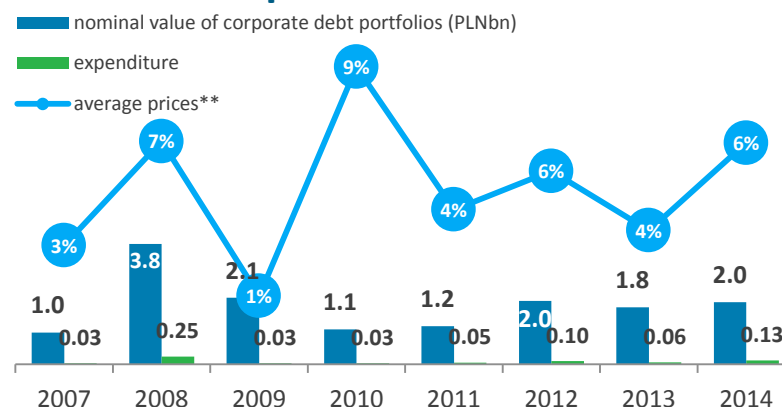
The Czech Republic and Slovakia



- The expenditure on Czech and Slovak consumer portfolios totalled approximately PLN 200m.

- The nominal value of consumer portfolios was PLN 1.0bn, down on 2013

Poland – corporate debt portfolios



- The expenditure on corporate portfolios in Poland totalled PLN 130m, with nominal value of PLN 2.0bn.

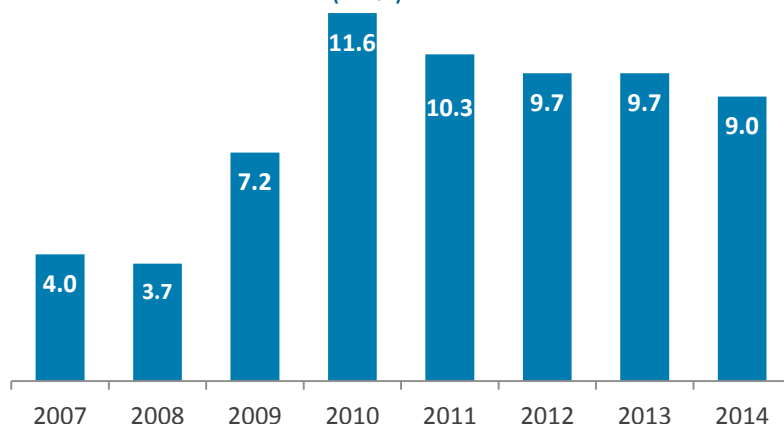
- In 2014, banks continued to be uninterested in selling corporate debt portfolios. The segment shows a potential for future growth.

*Consumer portfolios = unsecured retail debt + non-mortgage-backed SME debt
 ** Average price as % of nominal value.

In 2014, the Polish market continued to shift focus from debt collection outsourcing to debt purchase, while the Romanian debt collection outsourcing market remained stable

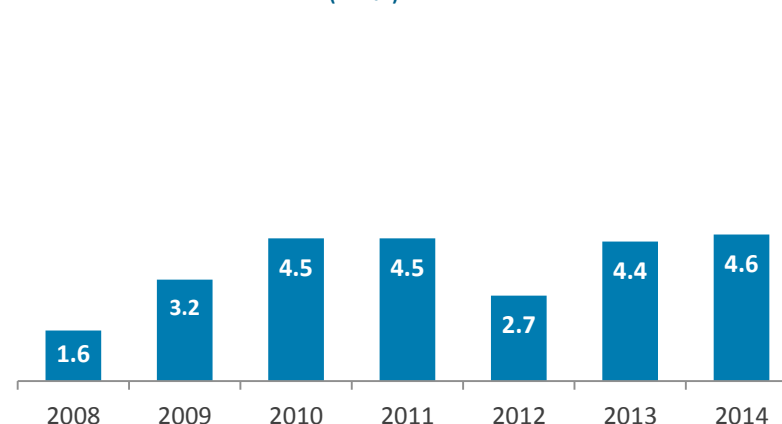
Poland

nominal value of retail debts* outsourced for collection
(PLNbn)



Romania

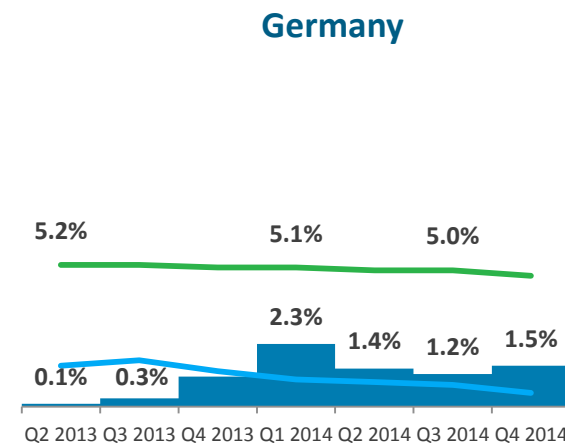
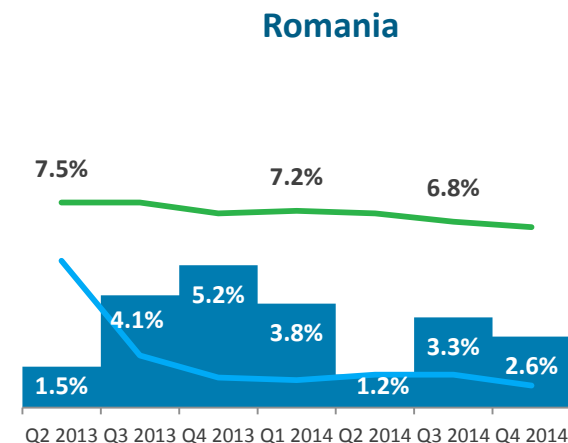
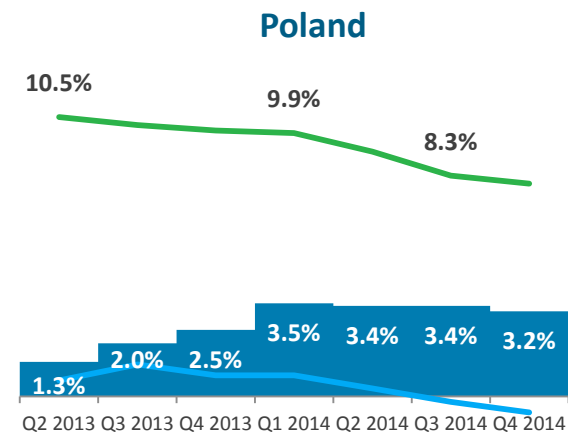
nominal value of retail debts* outsourced for collection
(PLNbn)



- In 2014, banks continued to shift focus from debt collection outsourcing to debt purchase, finding measurable benefits in accelerated disposals of debt portfolios.
- The Romanian debt collection outsourcing market remains stable, with debts worth a nominal PLN 4.5bn–4.6bn outsourced for collection annually.

* retail portfolios = consumer and mortgage-backed debt of natural persons

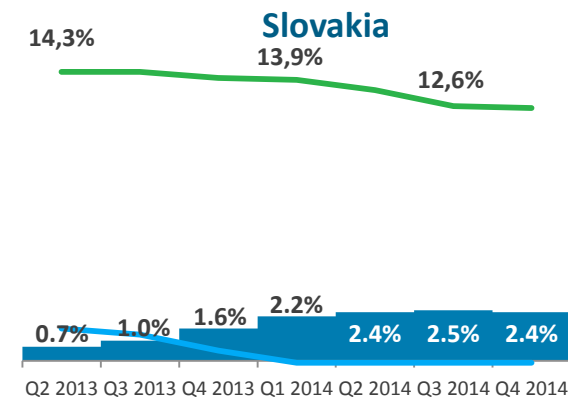
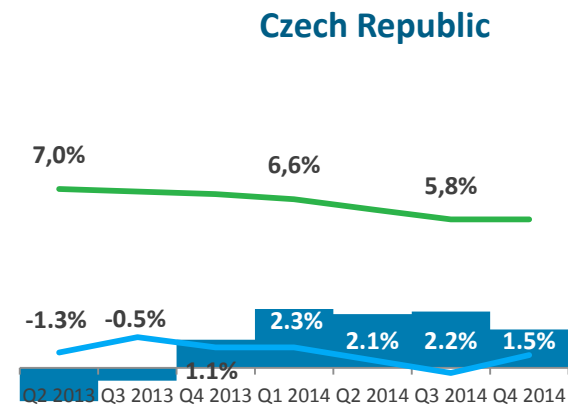
The KRUK Group actively operates on markets of varying structures and economic situation



■ GDP growth rate (%) — Inflation (%)
— Unemployment (%)

■ GDP growth rate (%) — Inflation (%)
— Unemployment (%)

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— Unemployment (%)



■ GDP growth rate (%) — Inflation (%)
— Unemployment (%)

■ GDP growth rate (%) — Inflation (%)
— Unemployment (%)

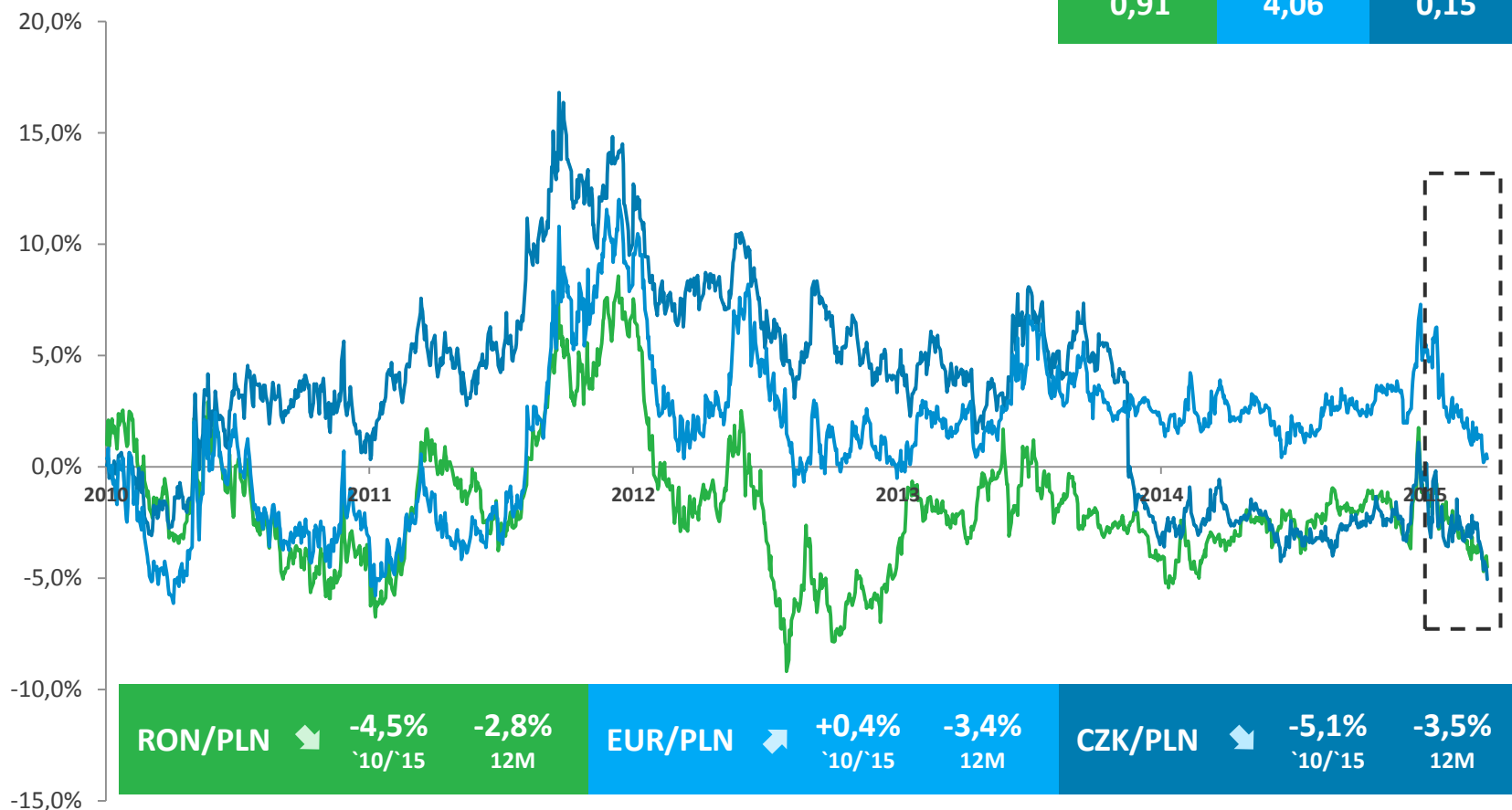


Since the beginning of the year, PLN has strengthened against the currencies of the markets on which KRUK is active. However, the exchange rates remain close to their average levels from the last five years

RON/PLN
0,91

EUR/PLN
4,06

CZK/PLN
0,15



KRUK – debt structure and bond redemption schedule


Bonds (PLNm)*	Q1 2015	2015	2016	2017	2018	2019	2020
Issued	-	-	-	-	-	-	-
Redeemed	29	41	154	135	115	0	45
Bonds outstanding at end of period	461	449	295	160	45	45	0

* Based on nominal value.

Bank loans (PLNm)	Bank credit facilities	Amount outstanding as at Mar 31 2015
Total bank borrowings	440	294
Investment credit facilities	-	-
Revolving credit facilities	440	294

- As at the end of Q1 2015, the total amount available under credit facilities was PLN 440m, with 67% of the amount drawn by the end of March.

International listed companies in the KRUK Group's peer group

PLN m		2009	2013	2014	1 kw. 2015	CAGR (09-14)	Market cap*	P/E*	EV/EBITDA*	P/BV*
	Net profit	23.5	97.8	151.8	50.6	44%	2,662.93	16.4x	14.8x	4.2x
	Change yoy	41%	20%	55%	27%					
	EPS (PLN)	1.48	5.77	8.95	2.84	42%				
	Change yoy	35%	20%	55%	23%					
	Equity	98.3	415.6	585.1	637.9	40%				
	ROE	24%	24%	26%	8%					
Arrow Global	Net profit		148.1	174.3			2,323.23	14.4x	8.5x	3.5x
	Change yoy		126%	18%						
	EPS (PLN)	N/A	0.9	1.0	N/A					
	Change yoy		100%	6%						
	Equity		619.1	717.4						
	ROE		24%	24%						
Intrum Justitia	Net profit	200.6	372.9	474.0	106.1	15%	8,214.18	17.2x	16.0x	5.9x
	Change yoy	0%	40%	27%	33%					
	EPS (PLN)	2.52	4.69	6.14	1.47	16%				
	Change yoy	-1%	41%	31%	39%					
	Equity	1,160.5	1,509.8	1,384.6	1,382.9	4%				
	ROE	17%	25%	34%	8%					
PRA Group	Net profit	173.2	638.3	636.9	209.2	25%	9,753.46	14.8x	11.2x	3.5x
	Change yoy	-2%	40%	0%	41%					
	EPS (PLN)	3.74	12.56	12.74	4.28	24%				
	Change yoy	-3%	41%	1%	47%					
	Equity	1,311.4	3,137.2	3,255.2	2,942.3	21%				
	ROE	13%	20%	20%	7.1%					
Hoist Finance	Net profit		50.9	78.3	1.7**		2,211.97	38.0x**	23.9x	2.6x
	Change yoy		306%	54%	-91%					
	EPS (PLN)	N/A	2.45	3.55	0.00**	N/A				
	Change yoy		224%	45%	N/A					
	Equity		354.7	607.8	924.8					
	ROE		16%	16%	0%					

Source: KRUK S.A., financial reports of Intrum Justitia, Portfolio Recovery, Arrow Global and Hoist.

* Ratios computed based on reports for the last four quarters and as at March 31st 2015 r.

** net profit before adjusting for costs in connection to the IPO

Almost fourfold KRUK stock price increase since the first listing and steady growth of stock liquidity

	2011	2012	2013	2014	Q1 2015	CAGR increase	Change '10/'14
EPS (PLNm)	4.03	4.80	5.77	8.95	2.96	41.7%	282.5%
EPS growth rate	72.2%	19.1%	20.2%	55.1%	-	-	-
ROE trailing*	27.9%	25.6%	23.5%	25.9%	25.5%	-	-
Net profit (PLNm)	66.4	81.2	97.8	151.8	50.6	45.5%	320.5%



KRUK shares on the WSE**

Share price 154.00

Change 1Y/3M +83% / +33%

Max/Min 1Y 159.60 / 80.10

Market capitalisation PLN 2.66b

Equity PLN 637.8m

Average daily trading volume PLN 2.61m

Free float 58.3%

* ROE for the last four quarters; equity at end of period

**Source: Stooq.com



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