



Presentation of Q1-Q3 2017 results KRUK Group

October 29th 2017



Agenda

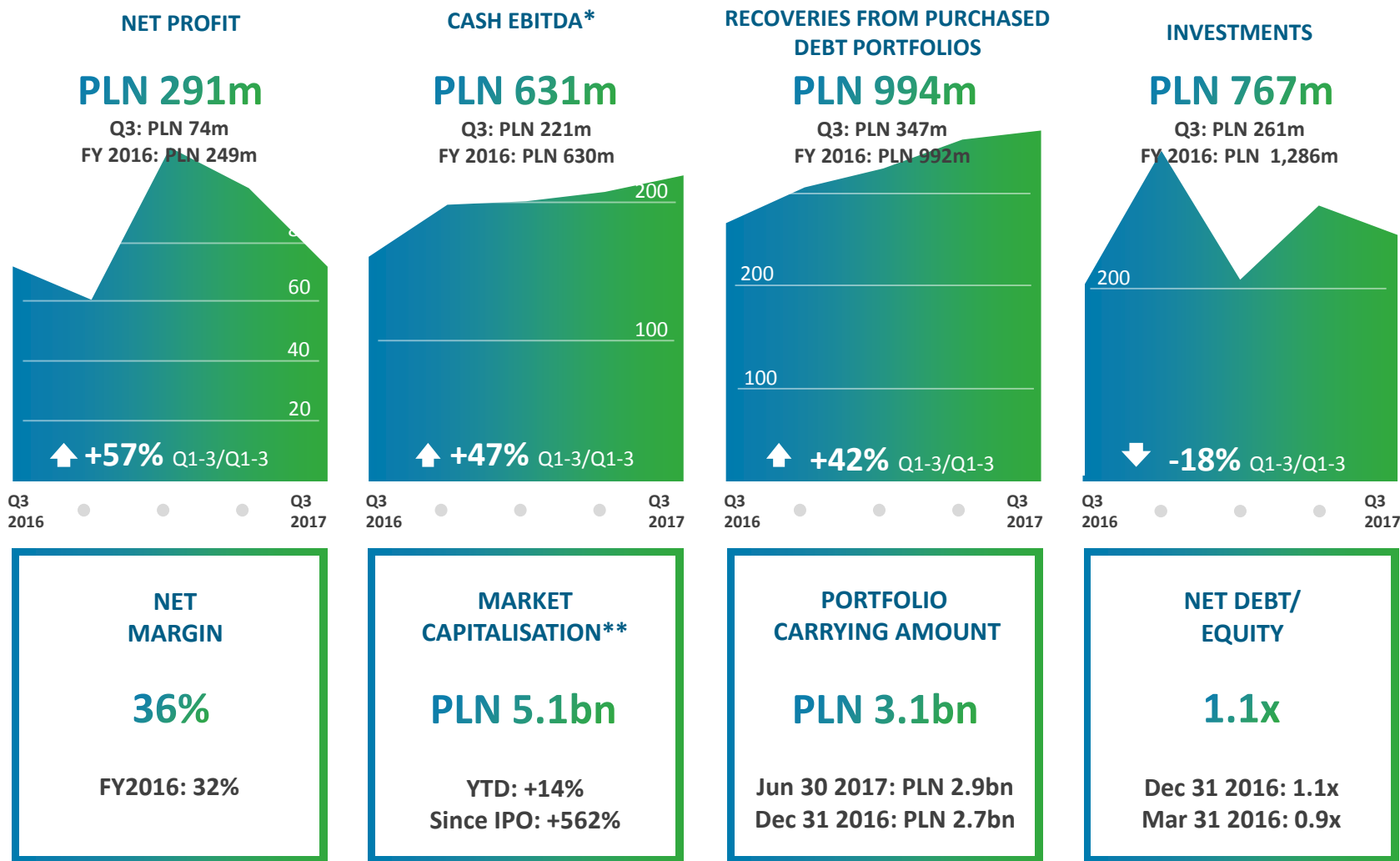
Introduction

Operating activities

Financial performance

Additional information

In Q1-Q3 2017, KRUK delivered PLN 291m in net profit, just under PLN 1bn in recoveries and PLN 767m in new investments



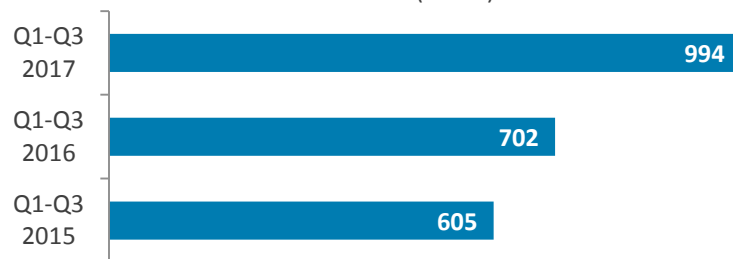
* - Cash EBITDA = EBITDA + recoveries from purchased debt portfolios - revenue from collection of purchased debt.

** - Data as at October 26th 2017.

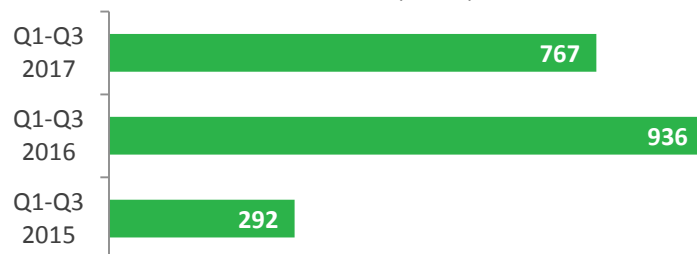
Performance of the debt portfolio purchase segment is supported by the growing third party collection, ERIF BIG and Novum loans business

Debt portfolios purchased

Cash recoveries (PLNm)

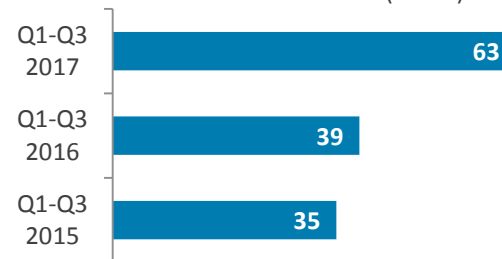


Investments (PLNm)

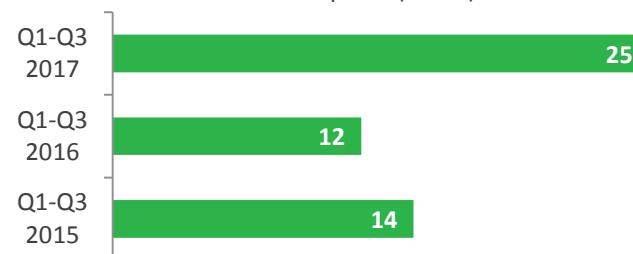


Third party collection and other services*

Revenues (PLNm)



Gross profit (PLNm)



(PLNm)	Q1-Q3 2015	change	Q1-Q3 2016	change	Q1-Q3 2017	2016	actual
Revenue	449.2	+20.7%	542.3	+48.8%	806.9	783,4	103.0%
EBIT	191.5	+16.2%	222.5	+65.4%	368.0	394,0	93.4%
Cash EBITDA	391.5	+10.0%	430.7	+46.5%	631.1	630,0	100.2%
Net profit	160.2	+15.9%	185.7	+56.9%	291.3	248,7	117.1%
ROE rolling	25.2%	-	23.9%	-	23.8%	20.1%	-

* - ERIF Biuro Informacji Gospodarczej (an economic information bureau) and Novum loans

Solid recoveries and investments translate into better financial performance and business diversification

Increase in net profit	<ul style="list-style-type: none"> Net profit in Q1-Q3 2017 reached PLN 291.3m, up 57% year on year. The figure represents 117% of the net profit reported for the whole of 2016, with the profitability rising to 36%.
Recoveries on the rise	<ul style="list-style-type: none"> Recoveries from own portfolios amounted to PLN 994.0m, topping the total 2016 figure. The third quarter was the key contributor, generating PLN 346.8m, the highest result on KRUK's record. Total recoveries over the past 12 months reached PLN 1.1bn, of which more than half came from outside Poland.
Portfolio investments	<ul style="list-style-type: none"> The KRUK Group invested PLN 767.5m in 85 debt portfolios with a total nominal value of PLN 10.0bn. In Q3 alone, investments reached PLN 261.0m, and the nominal value of debt portfolios stood at PLN 2.6bn. In Q3, KRUK increased the share of investments in Poland to PLN 149.7m (about 60% of total investments). The largest portfolio, with a nominal value of PLN 420m, was purchased from Getin Noble Bank. After the end of Q3, KRUK purchased an investment fund „BISON” NS FIZ from Lehman Brothers owning the portfolio of corporate receivables with nominal value of PLN 4bn
Growth in Italy	<ul style="list-style-type: none"> Revenues generated in Italy amounted to PLN 54.7m, including PLN 21.6m in Q3 (up 58% quarter on quarter). Investments in new debt portfolios in Q1-Q3 2017 amounted to PLN 263.6m, pushing up the carrying amount of portfolio investments to PLN 598.3m at quarter end. In early October, KRUK's headcount in Italy reached 206.
Good access to investment financing in Europe	<ul style="list-style-type: none"> In Q1-Q3 2017, KRUK continued diversification of its financing sources: (1) two series of euro bonds totalling PLN 168.4m were issued; (2) the total value of credit facilities was increased to PLN 1.7bn at the end of Q3, of which 75% can also be drawn in the euro. In Q3, KRUK signed a EUR 250m revolving facility agreement with a consortium of four banks. The proceeds can be used by KRUK for investments outside Poland.

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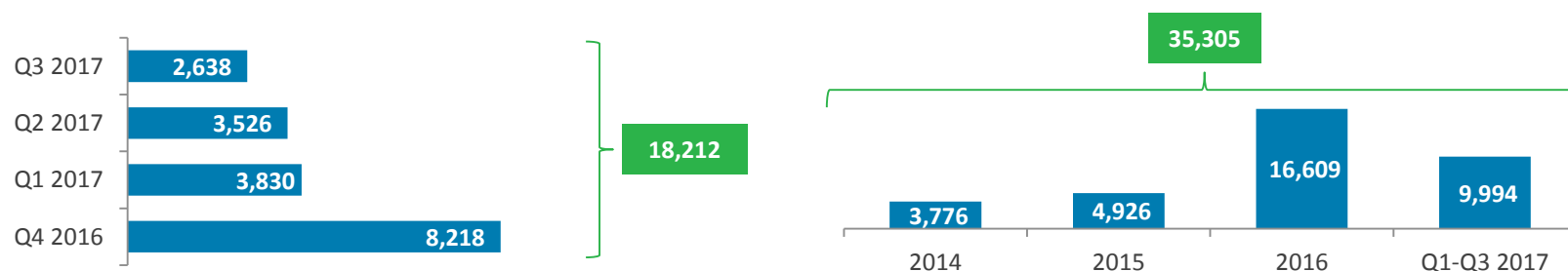
Operating activities

Financial performance

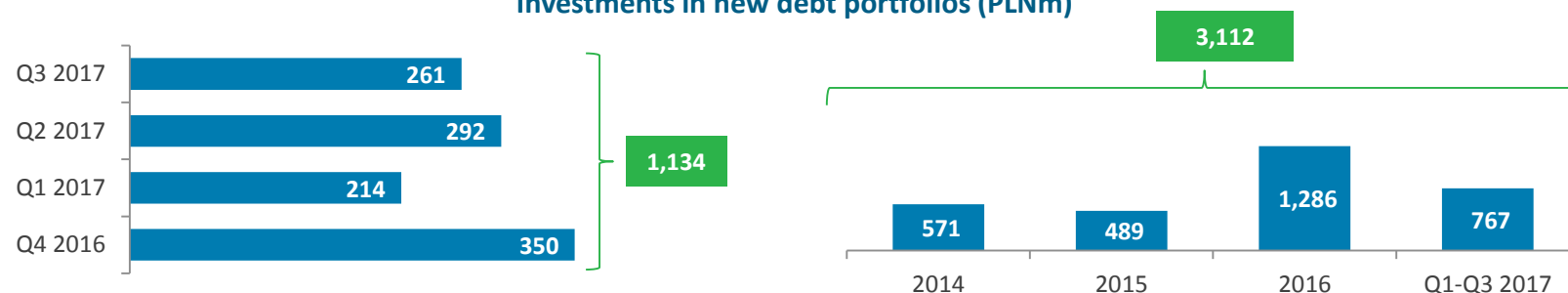
Additional information

In the last 12 months, KRUK invested PLN 1.1bn, with investments in Poland accounting for 27% of the figure

Nominal value of purchased debts (PLNm)

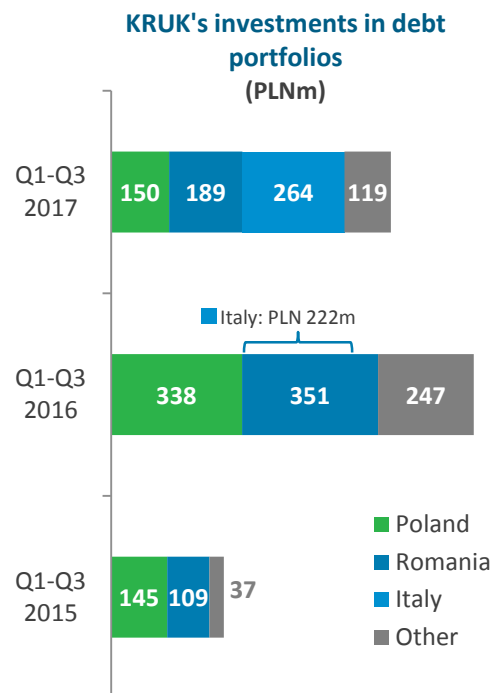


Investments in new debt portfolios (PLNm)

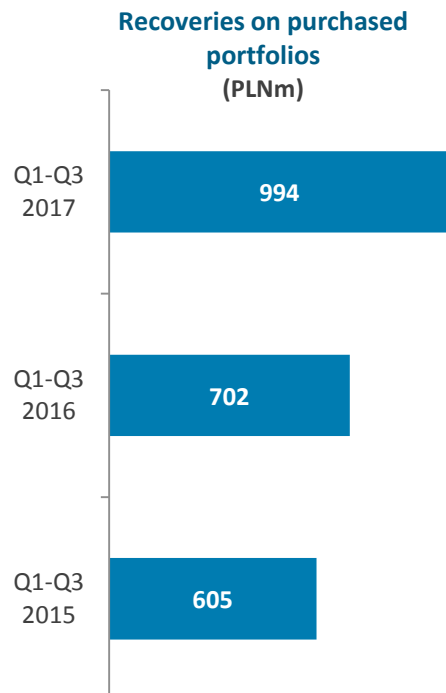


- Purchases made by KRUK until the end of September totalled PLN 766.5m and included 85 portfolios in 7 European countries: Poland, Romania, the Czech Republic, Slovakia, Germany, Spain and Italy. The nominal value of the portfolios purchased by the Company reached PLN 10.0bn.
- In the last 12 months, KRUK invested PLN 1.1bn, with investments in Poland accounting for 27% of the figure. In Q3 alone, KRUK's investments in Poland totalled PLN 150m.

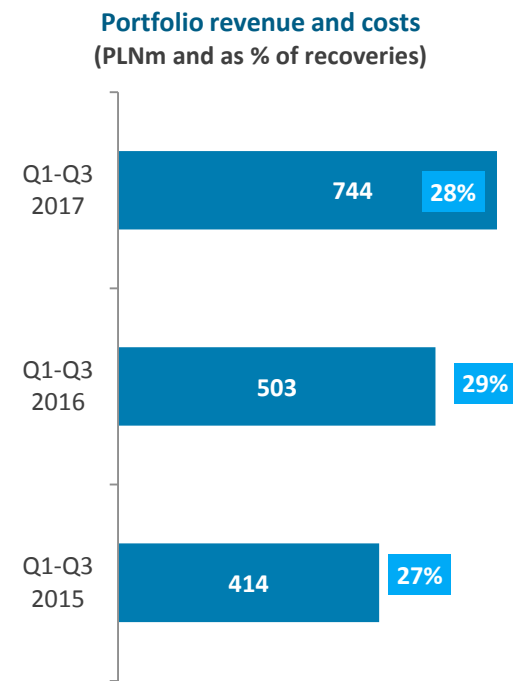
Geographical diversification of investments translates into a growing stream of recoveries from foreign markets



- Along with geographical expansion, the investment structure continued to diversify.
- In Q3, KRUK became more active in Poland and purchased 10 debt portfolios, the largest of which, valued at PLN 420m, was acquired from Getin Noble Bank.



- Average monthly recoveries since the beginning of 2017 exceeded PLN 100m.
- The macro situation supports positive debt recovery trends.
- Solid cash flows provide a basis for recognition of upward adjustments to the Company's assets.



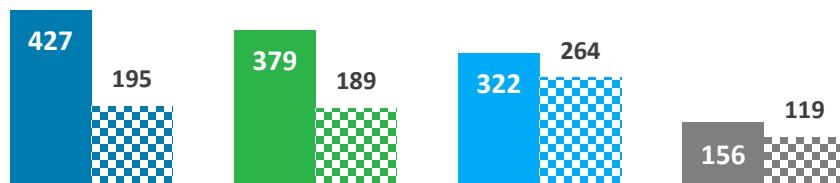
- In 2017, cost to recovery ratio was relatively high, as more cases were referred to courts and bailiffs in Poland.
- In Q1-Q3 2016, a provision was allocated to unit costs, which increased the cost to recovery ratio. This reserve was subsequently reclassified in the last quarter of 2016.

KRUK Group continues to expand its Italian and Spanish operations

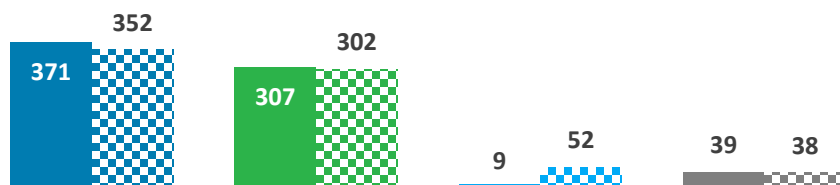
Poland	Romania	Italy	Others
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Investments (PLNm)

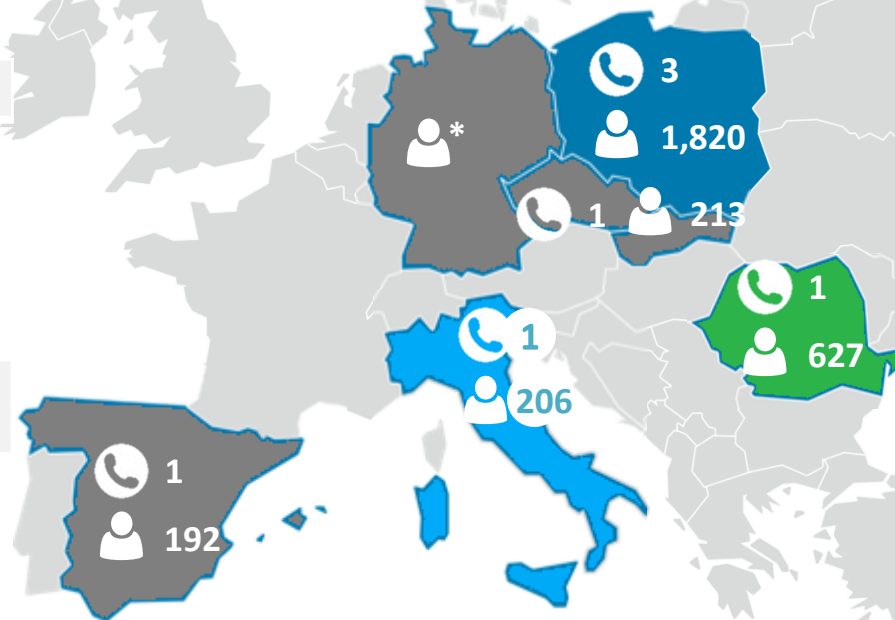
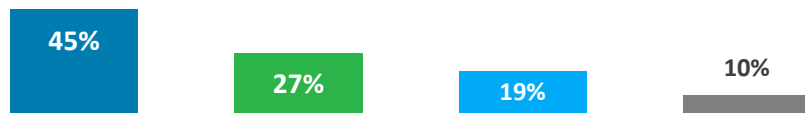
■ 2016 ■ Q1-Q3 2017



Revenue from purchased portfolios (PLNm)

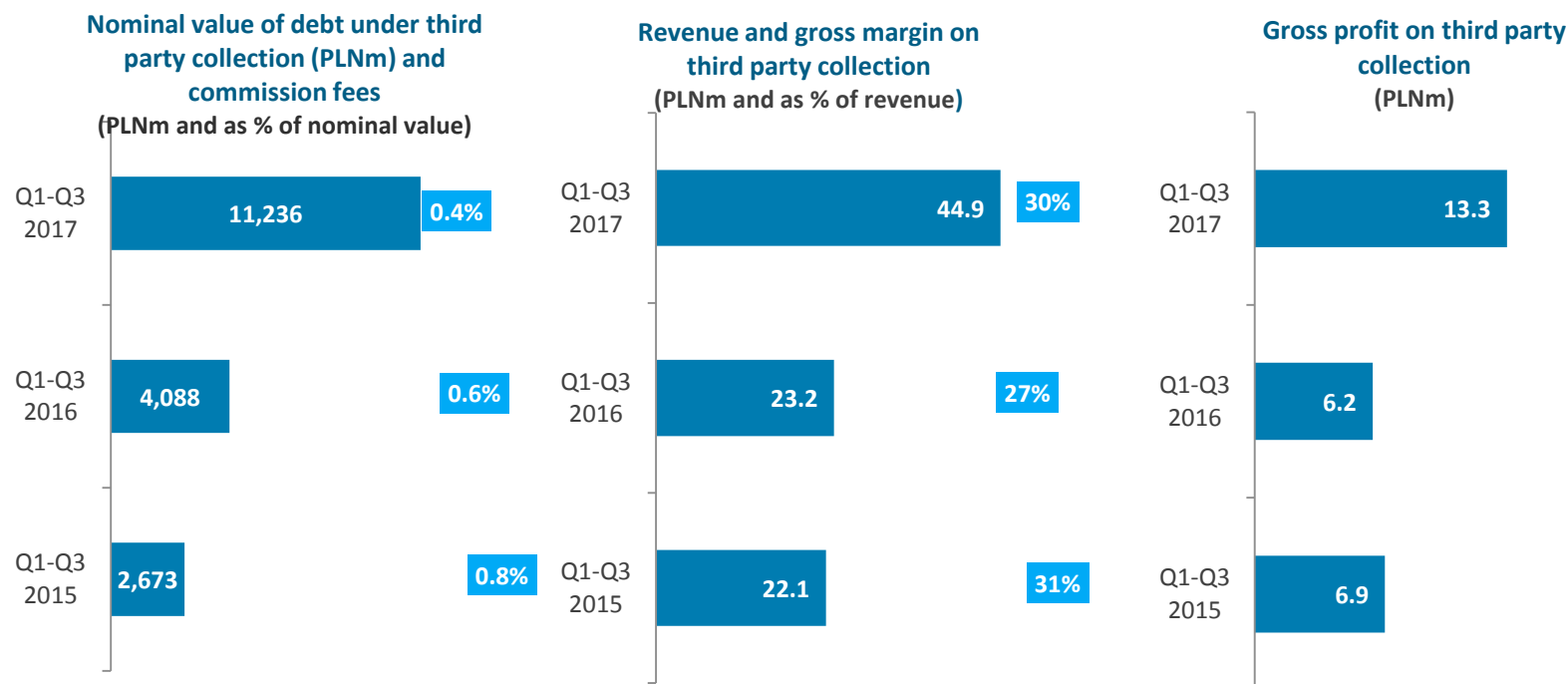


Portfolio carrying amount as at September 30th 2017, **TOTAL: PLN 3.1bn**



(*) Germany: Polish-German organisation employees included in amount for Poland

KRUK fares well on the competitive third party collection market thanks to its high operational efficiency

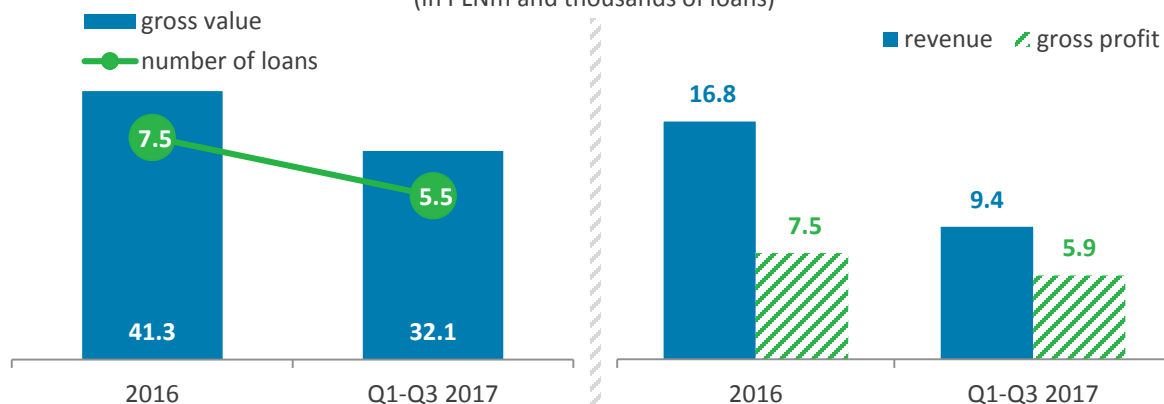


- The nominal value of debts outsourced for collection, revenues and margins in the last few years grew on the back of the acquisition of a third party collection business in Spain (Espand) and recognition of a 33% share in a portfolio purchased in partnership with IFC (International Finance Corporation) as a portfolio managed exclusively by the KRUK Group.
- KRUK performs well on the competitive third party collection market by leveraging economies of scale and high operational efficiency.

NOVUM and ERIF BIG businesses are a source of major support to the principal activities and positive contributors to total performance figures

Novum year-on-year performance – financial highlights

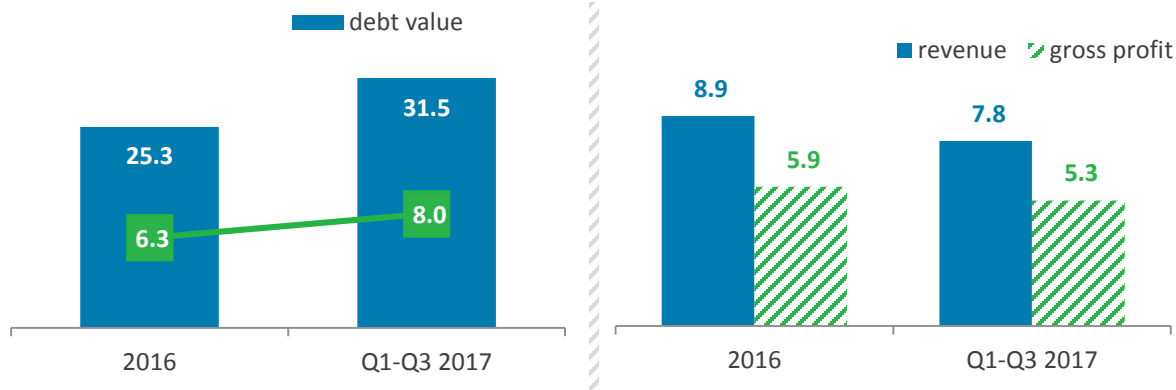
(in PLNm and thousands of loans)



- In Q1-Q3 2017, the loan business generated gross profit of PLN 5.9m, 79% of the previous year's result.
- NOVUM continues to expand its loan business on the open market in Poland as „Start with Novum” campaign, and on the internal market in Romania.

ERIF Biuro Informacji Gospodarczej – financial highlights

(in PLNm and thousands of cases)



- ERIF BIG's revenue reached PLN 7.8m, with gross margin at 68%.
- At the end of Q3, the ERIF database included 8.0m cases, valued at PLN 31.5bn, including nearly 4.9m cases with positive credit information.

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

PLNm	Q1-Q3 2016	Q1 2017	Q2 2017	Q3 2017	Q1-Q3 2017	2016	Q1-Q3 2017/ Q1-Q3 2016	% of 2016
Purchased debt portfolios								
Investments in debt portfolios	936.0	213,5	292.1	260.9	766.5	1 285,9	-18%	60%
Recoveries	701.8	309.3	337.9	346.8	994.0	992,4	+42%	100%
Statement of profit or loss								
Revenue	542.3	264.1	283.4	259.4	806.9	783.4	+49%	103%
Own debt portfolios	503.5	242.6	262.4	238.5	743.5	724,9	+48%	103%
including revaluation	51.9	28.7	25.1	40.2	94.0	84,2	+81%	112%
Collection services	23.2	15,8	14.7	14.4	44.9	32,2	+94%	139%
Other products and services	15.6	5,7	6.2	6.6	18.5	26,3	+19%	70%
Gross profit	312.1	166.6	171.0	149.9	487.5	476.6	+56%	102%
<i>Gross profit margin</i>	58%	63%	60%	58%	60%	61%	-	-
Own debt portfolios	300.4	157.4	162.8	142.0	462.2	454,3	+54%	102%
Collection services	6.2	5,6	4.2	3.5	13,3	8,9	+115%	149%
Other products and services	5.5	3,6	4.1	4.3	12.0	13,4	+118%	90%
Overheads	-77.3	-30.4	-36.9	-36.6	-103.9	-117.3	+34%	89%
EBITDA	232.4	135.1	133.2	112.3	380.6	362.6	+64%	105%
<i>EBITDA margin</i>	43%	51%	47%	43%	47%	46%	-	-
NET PROFIT	185.7	115.5	101.5	74.3	291.3	248.7	+57%	117%
<i>Net profit margin</i>	34%	44%	36%	29%	36%	32%	-	-
<i>ROE rolling</i>	24%	23%	26%	24%	24%	20%	-	-
CASH EBITDA*	430.7	201.8	208.7	220.6	631.1	630.0	+47%	100%

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-Q3 2016	Q1 2017	Q2 2017	Q3 2017	Q1-Q3 2017	2016	Q1-Q3 2017/ Q1-Q3 2016	% of 2016
Revenue	542.3	264.0	283.5	259.4	806.9	783.4	+49%	103%
Poland	284.0	135,7	137.27	116.93	389.9	423,8	+37%	92%
Romania	221.7	87.5	114.7	106.5	308.7	311,9	+39%	99%
Italy	36.5	19,4	13.7	21.6	54.7	9,1	+50%	601%
Other countries		21.4	17,8	14.4	53.6	38,6	+47%	139%
Gross profit	312.1	166.6	171.0	149.9	487.5	476.6	+56%	102%
<i>Gross profit margin</i>	58%	63%	60%	58%	60%	61%	-	-
Overheads	-77.3	-30.4	-36.9	-36.6	-103.9	-117.3	+34%	89%
EBITDA	232.3	135.1	133,2	112.3	380.6	362,6	+64%	105%
<i>EBITDA margin</i>	42.8%	51%	47%	43%	47%	46%	-	-
Finance income/costs	-38.0	-14.2	-24.5	-29.1	-67.8	-62.7	+78%	108%
Net profit	185.7	115.5	101.5	74.3	291.3	248.7	+57%	117%
<i>Net profit margin</i>	34%	44%	36%	29%	36%	32%	-	-

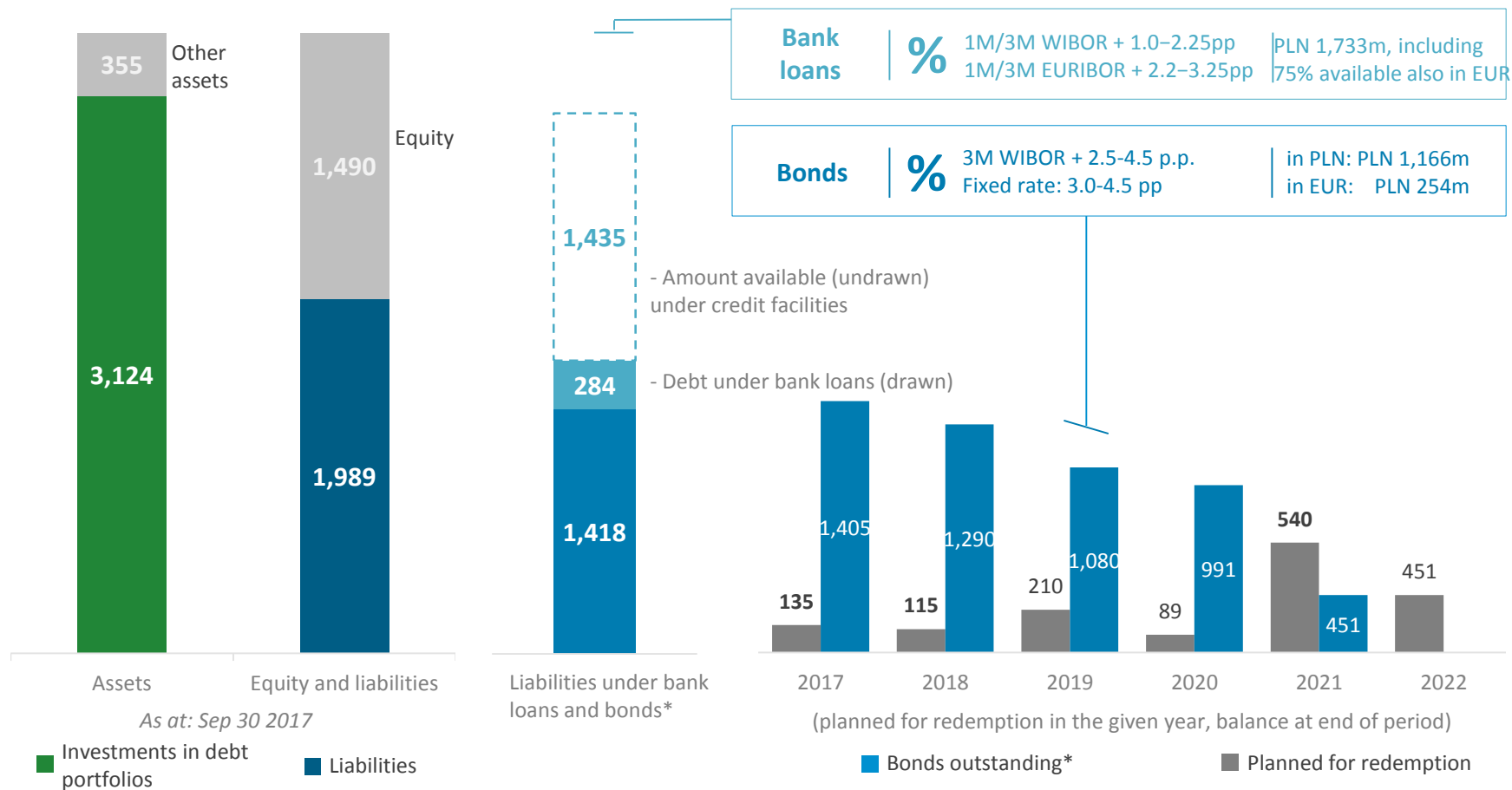
The KRUK Group – strong cash flows supporting high liquidity of operations

PLNm	Q1-Q3 2016	Q1 2017	Q2 2017	Q3 2017	Q1-Q3 2017	2016	Q1-Q3 2017/ Q1-Q3 2016	% of 2016
Cash flows from operating activities:	389.4	123.1	176.1	175.8	475.0	572.1	+22%	83%
Recoveries from debtors – purchased debt portfolios	701.8	309.3	337.9	346.8	994.0	992,4	+42%	100%
Operating costs – purchased debt portfolios	-202.8	-85.2	-99.7	-96.5	-281.3	-270,2	+39%	104%
Operating margin – third party collection	6.6	5,6	4.2	3,6	13,3	8,9	+102%	150%
Administrative expenses	-77.3	-30,4	-36.9	-36.6	-103.9	-117,3	+34%	89%
Other operating cash flow	-38.9	-76.2	-29.4	-41.5	-147.2	-42,0	+278%	350%
Cash flows from investing activities:	-950.3	-215.5	-295.6	-266.8	-777.8	-1,361.4	-18%	57%
Investments in debt portfolio purchases	-936.0	-213.5	-292.1	-261.0	-766.5	-1 285,9	-18%	60%
Other investing cash flow	-14.3	-2,0	-3.5	-5.8	-11.3	-75,5	-21%	15%
Cash flows from financing activities:	545.3	-26.7	94.2	97.7	165.2	915.9	-70%	18%
Issue of shares	0,0	0,0	0,0	0,0	0,0	215,0	-	-
Increase in borrowings and lease liabilities	1,105.3	261.0	435.8	244.4	941.2	1 590,4	-15%	59%
Issue of bonds	608.	0,0	168.4	0,0	168.4	833,3	-72%	20%
Decrease in borrowings and lease liabilities	-1,055.7	-261.8	-416.4	-233.3	-911.5	-1 557,0	-14%	59%
Redemption of bonds	-84,0	-60.0	-60.0	0,0	-120.0	-154,0	+43%	78%
Other financing cash flow	-28.6	34.1	-33.7	86.6	87.0	-16,5	-	-
Net cash flows:	-15.6	-119.1	-28.1	9.5	-137.8	126.6	+783%	-

KRUK has ample room on its balance sheet and enjoys access to healthy financing sources to fund further investments

Net debt/equity 1.1x

Net debt/cash EBITDA: 1.9x



* Nominal value.

The KRUK Group – selected items of the statement of financial position (presentation format)

PLNm	Sep 30th 2016	Dec 31st 2016	Sep 30th 2017
ASSETS			
Cash and cash equivalents	125.1	267,4	129.6
Investments in debt portfolios and loans	2,371.9	2 676,2	3,169.8
Other assets	97.7	152,1	179.2
Total assets	2,594.7	3,095.7	3,478.6
EQUITY AND LIABILITIES			
Equity	960,3	1,237.5	1,490.0
of which: Retained earnings	791.4	854,4	1,108.1
Liabilities	1,634.4	1,858.2	1,988.6
of which: Bank loans and leases	301.2	266,6	296.0
Bonds	1,209.2	1 371,7	1,418.0
Total equity and liabilities	2,594.7	3,095.7	3,478.6
METRICS			
Interest-bearing debt	1,510.4	1638.3	1,714.0
Net interest-bearing debt	1,385.2	1,370.9	1,584.5
Net interest-bearing debt to equity	1.4	1.1	1.1
Interest-bearing debt to 12-month cash EBITDA	2.5	2.2	1.9

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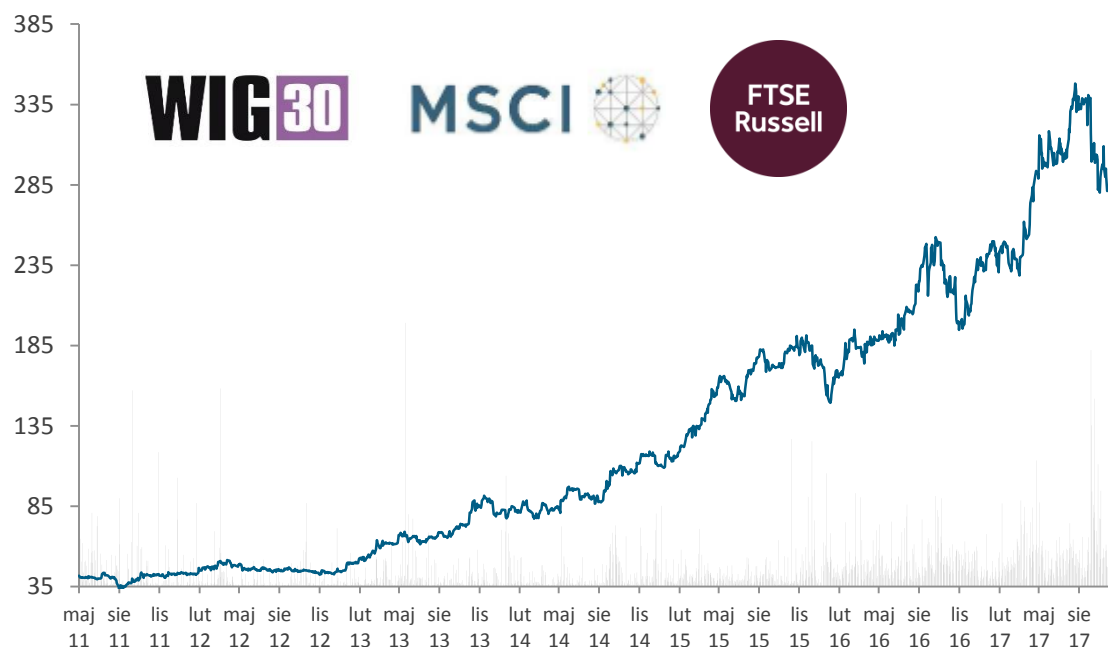
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KRUK's capitalisation has increased fivefold since the IPO

	2011	2012	2013	2014	2015	2016	CAGR	2016 / 2011
EPS (PLN)	4.03	4.80	5.77	8.95	11.84	14.08	28.4%	3.5x
EPS growth rate	72.2%	19.1%	20.2%	55.1%	32.3%	18.9%	-	-
ROE rolling*	27.9%	25.6%	23.5%	25.9%	26.0%	24.3%	-	-
Net profit	66.4	81.2	97.8	151.8	204.3	248.7	30.2%	3.7x



KRUK shares on the WSE**

Share price PLN 270.00 zł

Change 1Y/3M +24% / -20%

1Y Max/Min PLN 349.70 / 189,78

Market capitalisation PLN 5.1bn

KRUK's position on the WSE according to market capitalisation: 25

Stock trading liquidity

Average daily trading volume PLN 37,1bn

Free float*** 78.2%

KRUK's position on the WSE in terms of liquidity: 7

* ROE for the last four quarters; equity at end of period, excluding the share issue of December 2016.

** Source: Stooq.com, GPWInfostrefa.pl

*** Free float - shareholders with a holding of less than 10%.

Marketing and PR activities in Q3

- Public relations campaign by KRUK Romania – „I’m more than my debt” received the best PR campaign in the world award, by prestigious IPRA society.
- In the third quarter, we carried out a survey entitled ‘Household Budgets of Polish Couples’. Its results show Polish couples’ approach to financial matters.
- In September, we held the second round of our workshops ‘Small Step, Giant Chance’ for the employees of municipal social welfare centres and municipal family welfare centres and for debtors.
- KRUK’s representative was a speaker at the ‘Educating Clients In Debt’ conference.
- We organised the fourth edition of Debt Management Forum, dedicated to the financial sector.
- We prepared a new edition of the Home Budget Planner for 2018 for our clients - debtors.
- In July, the merger between KRUK Italia and Credit Base International was finalised.
- New German and Romanian versions of our website were launched.



IR events

Financial statements release dates in 2017

Date	Financial statements
Feb 27	2016 full-year financial statements
Apr 27	Q1 2017 financial statements
Sep 5	H1 2017 financial statements
Oct 29	Q3 2017 financial statements

Selected IR events planned for 2017

Date	Event
Mar 1–2	Conference organised by J.P.Morgan in London
Mar 7	'Debt Buyers' seminar in Oslo
Mar 20	'Debt Collectors Day' conference in Stockholm
Mar 21–22	'PKO BP Polish Capital Market' conference in London
Mar 27–28	Meetings with investors across continental Europe
May 17–19	Meetings with investors in the US
Jun 2–4	'Wall Street' conference for retail investors in Karpacz
Jun 8	'Wood Emerging Europe Financials' Conference in Warsaw
Jun 29	MidCap Events Conference in Paris
Jun 14	Meetings with investors in Venice
Sep 20–21	Meetings with investors in London and Edinburgh
Sep 28–29	Meetings with investors in the US
Oct 6	mBank Conference in Warsaw
Oct 11	ERSTE Conference in Stegersbach
Oct 30–31	AGCO Frontier & Emerging Conference in New York
Dec 7–8	'Wood's Winter in Prague' Conference

Most recent recommendations

Date	Institution	Recommendation	Price target
October 2017	DM Trigon	<i>buy</i>	340.0
October 2017	Wood&Co.	<i>buy</i>	356.0
September 2017	Erste	<i>buy</i>	344.0
September 2017	JP Morgan	<i>buy</i>	346.0

For more details, go to:

pl.kruk.eu/relacje-inwestorskie/raporty/raporty-analityczne

Sell-side analysts covering KRUK

Institution	Analyst	Email address
DM BDM	Maciej Bobrowski	bobrowski@bdm.pl
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