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Press release
Intrum's Capital Markets Day 2023 - Operational excellence, client focus, and capital light

At its Capital Markets Day this afternoon, Intrum, the market leader in Credit Management Services in Europe, will present the company's strategy and updated financial targets

In light of the fast-changing and challenging economic environment, the function of the credit management services industry is as important as ever. As the European market leader, Intrum stands at the forefront of this development, in a strong position to support clients and consumers impacted by soaring financial pressure. Securing a well-functioning financial ecosystem is imperative for the prosperity of the wider economy. To stay relevant in this context, Intrum is reviewing its strategic agenda and operating model. As such, Intrum is today presenting its updated medium-term strategy and financial targets.

New medium-term financial targets

- **Growth**: External Servicing revenues growth of ~10% CAGR
- **EBIT margin**: Total adjusted Servicing margin to reach >25%
- **Balance sheet intensity**: Proprietary Investing book value excluding revaluations of SEK ~30 billion
- **Leverage**: Leverage ratio (Net debt / Cash EBITDA multiple) of 3.5x by end of 2025
- **Dividend**: Dividends subject to leverage ratio of ≤3.5x

The financial targets are set to be achieved by the end of 2026. However, decreasing the leverage ratio to 3.5x or below is a top priority that is to be reached by end of 2025.

"Despite being the undisputed European market leader, Intrum has yet to realise its full potential. Through our strategic pillars – operational excellence, client focus, and capital light – we will strengthen our organisation commercially and operationally and develop our business. Our near-term tactical measures will address our current challenges by reducing leverage and de-risking our financial profile. The medium to long-term fundamental measures are set to drive technology-led improvements in operational efficiency and effectiveness, increase commercial focus, and leverage third-party capital to grow our investing business. These measures will secure profitable growth and cement our market leading position", said Andrés Rubio, President and CEO of Intrum.

Andrés Rubio (President and CEO) will elaborate on the strong underlying market trends and the strategic pillars that will drive Intrum's efforts to deliver on the new medium term financial targets.

Intrum will continue to lead the way to a sound economy. Intrum's 10 000 employees across 20 markets are being trusted by 80 000 clients throughout Europe to handle their customers, securing unpaid claims while helping customers. During the last twelve month, Intrum has helped 4.6 million customers become debt-free and re-enter the financial system. As Intrum's business grows, so does its contribution to society.

Credit services are paramount in a well-functioning financial value chain. Impaired loans in Europe, just on banks' balance sheets, amount to EUR >3 trillion – with Middle Europe accounting for two-thirds – and are expected to grow as Stage 2 loans and NPLs increase due to the deteriorating macroeconomic backdrop. Being the undisputed leader in credit solutions, both as a servicer and industrial investor, coupled with its unrivalled geographic footprint, Intrum is best positioned to capture current and future market opportunities.

Revising the operating model by ensuring decisions are taken closer to clients and customers will be a key enabler for value creation. As key components in enabling a tech-driven and customer-focused operation, Intrum has recently agreed to acquire the tech-powered collections platform Ophelos and the technology company eCollect that offers comprehensive digital invoicing services. Together, these acquisitions will accelerate Intrum's transformation to a tech-driven operation.

Annette Kumlien (Chief Operating Officer) will describe the operations and the tech journey that Intrum is embarking on. Annette will present the means and measures that are necessary to achieve operational excellence.

Revising operating processes is already underway, with digital-first and automation as guiding principles. Improving capabilities for efficient delivery will be at core while leveraging technology to create modern self-service client and customer portals. Through transparency and objectivity on performance levels, Intrum has the ambition to create the best operating platform in the industry.

Georgios Georgakopoulos (Global Head of Servicing) will elaborate on how client focus and retention drive profitable growth. Georgios will address how Intrum plans to do more business with more clients in a more profitable way, by providing its existing service offering across all its markets and through product and value-chain expansion.

Long-term client relationships are the foundation of Intrum's Servicing business. For the top 50 clients, the average relationship length exceeds 15 years at a >80 percent contract renewal rate. By expanding the product offering across its markets, Intrum will grow with existing clients while attracting new clients.

Javier Aranguren (Chief Investment Officer) will explain the balance between extracting value from the existing book over the near term and building an attractive asset management business over the long term. Javier will explain how Intrum will leverage its leading investing platform to grasp emerging investing opportunities.

Intrum will continue to extract value from its existing book through high collection performance coupled with tactical sales of its back book. Building an asset management proposition – fuelled by third-party capital – to leverage existing capabilities and industrial expertise, will enable Intrum to grow assets under management and investment volumes while reducing its proprietary investing book.

Michael Ladurner (CFO) will present the financial trajectory, assessing how strong cash generation secures de-risking and creates operational flexibility. Michael will further break down the drivers for reaching the financial targets.

The ability to generate strong cash flows lays a solid foundation for lowering leverage, and, at the same time, executing operational priorities. Growing the Servicing business at improved margins while balancing organic and inorganic cash generation from Investing will over time amplify the effects of de-risking the financial profile of Intrum.

"Our journey towards a more profitable and technology driven credit servicing company has already begun. We are excited to walk you through this journey and the measures that lie ahead.", said Andrés Rubio, President and CEO of Intrum.

The Capital Markets Day will be streamed live on 13 September, 2023, 13.00 - 17.00 CET.

Warm welcome to register for the online event at intrum.com/investors/capital-markets-day-2023.

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Intrum is the industry-leading provider of Credit Management Services with a presence in 20 markets in Europe. By helping companies to get paid and support people with their late payments, Intrum leads the way to a sound economy and plays a critical role in society at large. Intrum has circa 10,000 dedicated professionals who serve around 80,000 companies across Europe. In 2022, revenues amounted to SEK 19.5 billion. Intrum is headquartered in Stockholm, Sweden and publicly listed on the Nasdaq Stockholm exchange. For more information, please visit www.intrum.com.

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