


BEST SPÓŁKA AKCYJNA

BEST GROUP

PRESENTATION OF 1Q 2018 FINANCIAL RESULTS

Gdynia, 7 September 2018

BEST GROUP

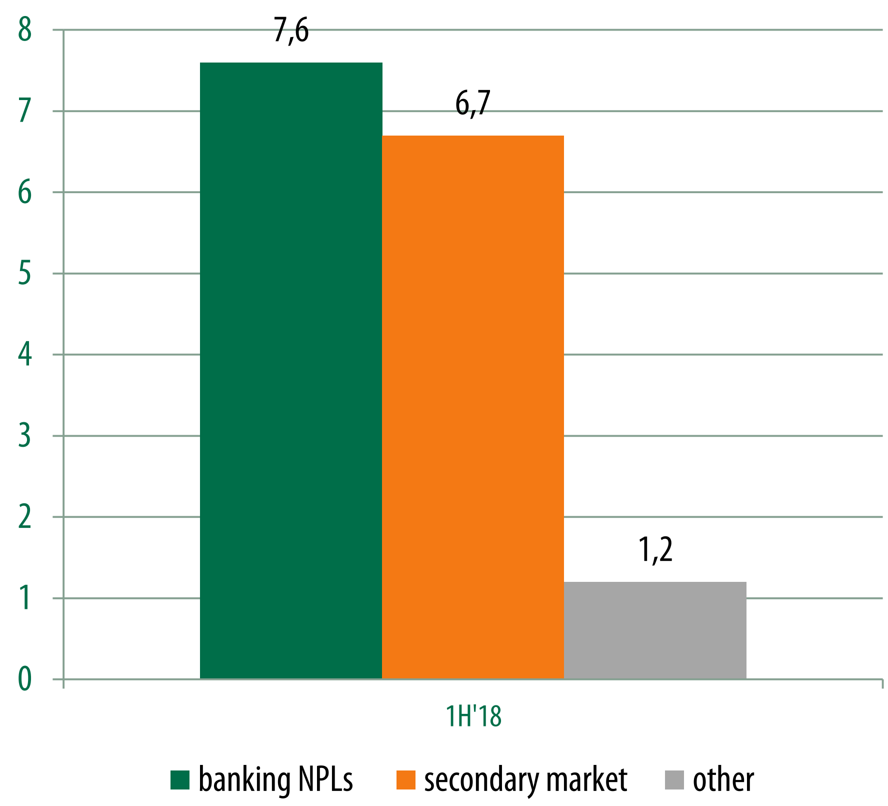
Poland – NPL market

SUPPLY IN 2018

- forecasted stable supply on the primary banking NPL market (retail excluding mortgage) of approximately PLN 9-11bn
- potential increase of supply on the secondary market
- possible temporary restrictions on access to financing
- limited investment activity of the player that had a strong impact on the prices of debt portfolios

we expect a substantial decrease of debt prices

Estimated nominal value of transaction on the debt portfolio market in 1H 2018 (PLN bn)



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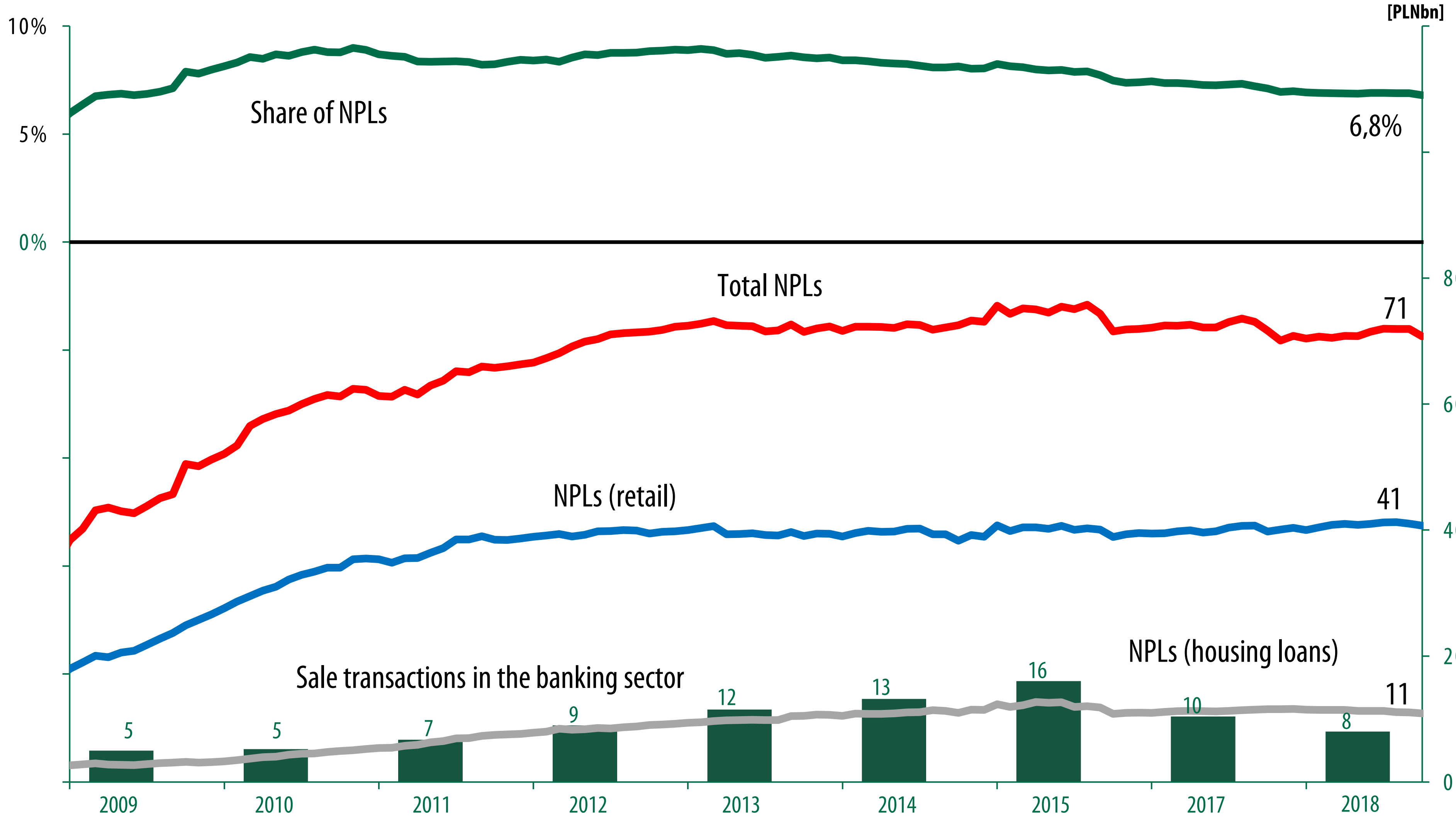
Poland – banking sector non-performing loans



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Summary

Key events on the market and at BEST Group		1Q'18	1Q'17

- May 2018 – new personal data protection regulation – GDPR - enters into force
- July 2018 – new debt prescription regulation enters into force
- January 2019 – entry into force of new regulation on bailiffs and bailiffs' fees
- investors anticipate the developments on the secondary market

▪ rapidly growing recoveries attributable to BEST		PLN 62,2m (+22% y/y)	PLN 50,7m (+24% y/y)
▪ activity in the debt market:	bond issues bond redemptions	PLN 30,0m (T2 – public offering) PLN 20,0m (BEST II)	PLN 90,0m (R2, R3 - public offering) -

Financial performance figures		1Q'18	1Q'17
▪ operating income		PLN 54,8m (+53% y/y)	PLN 35,8m (-37% y/y)
▪ net profit		PLN 19,7m (+>100% y/y)	PLN 6,2m (-82% y/y)
▪ adjusted cash EBITDA*	(excluding KI's contribution)	PLN 40,2m (+30% y/y)	PLN 30,9m (+11% y/y)

* in conformity with the calculation presented on slide 16

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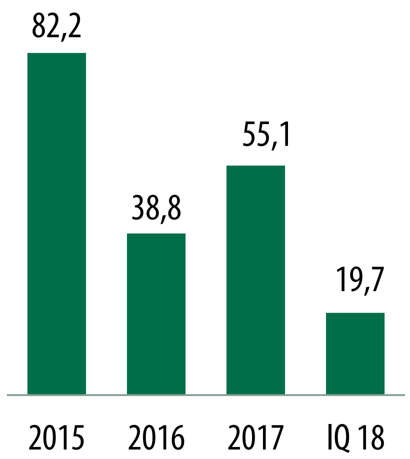
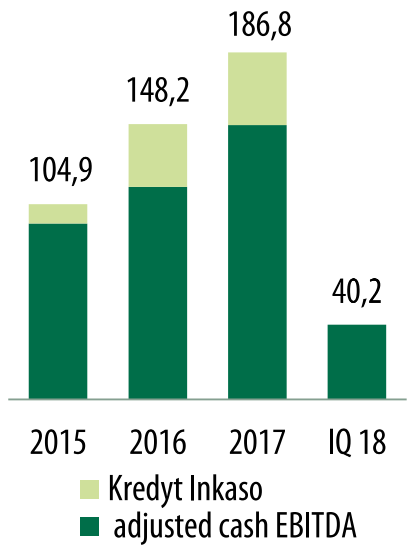
Strong business growth and excellent financial performance

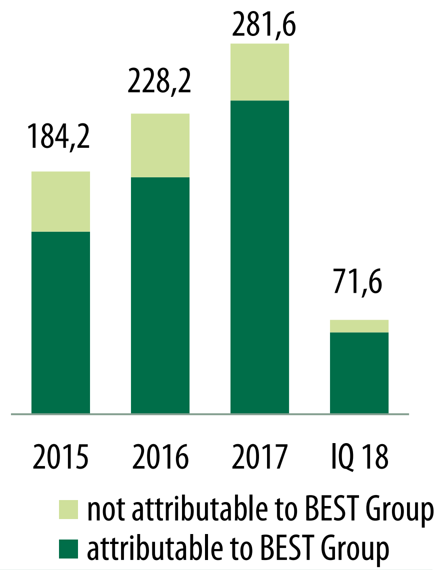
Net profit (PLNm)



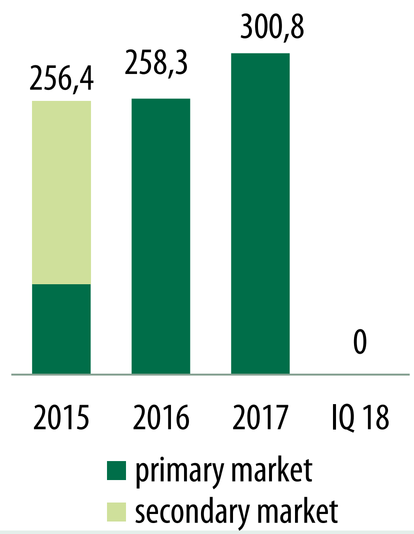
Full cash EBITDA** (PLNm)



Recoveries (PLNm)



Investments in debt portfolios (PLNm)



MARKET CAPITALIZATION
PLN 696m
(as at 29 March 2018)
EPS: 2,99
EPS growth: >100% y/y

FAIR VALUE OF PORTFOLIOS
PLN 1bn
(as at 31 March2018)

RECOVERIES FOR THE LAST FIVE YEARS
PLN 1bn
(owned and third-party accounts, until 31 March 2018)

INVESTMENTS IN THE LAST FIVE YEARS
PLN 1bn
(until 31 March 2018)

* Includes Kredyt Inkaso's cash EBITDA based on its available financial statements

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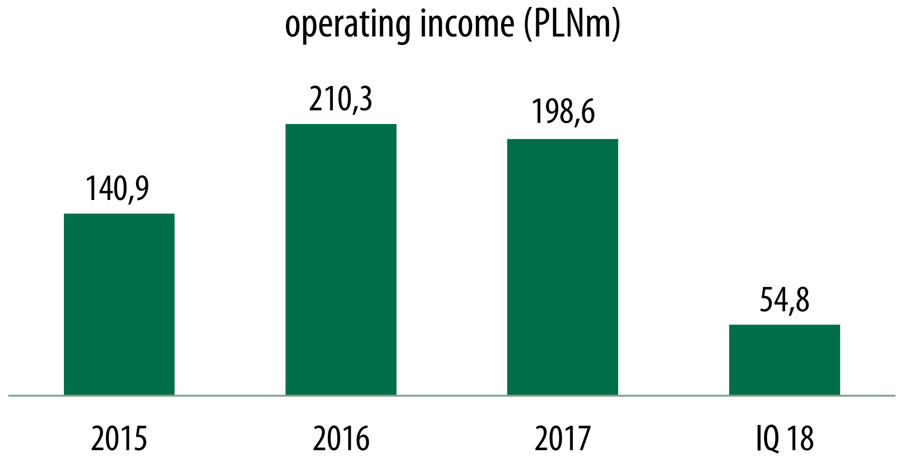
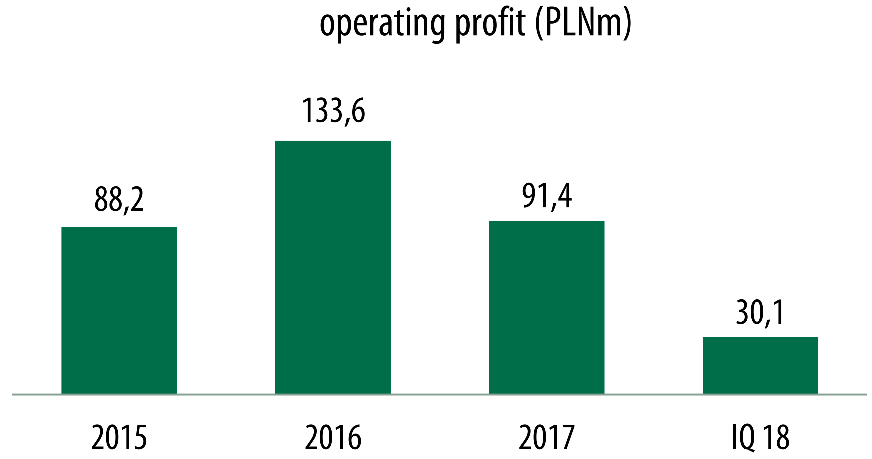
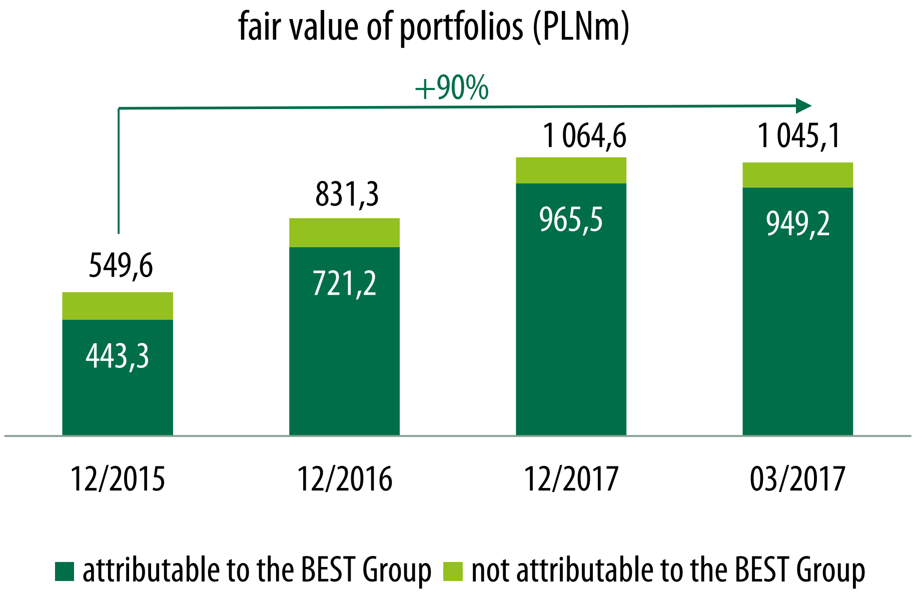
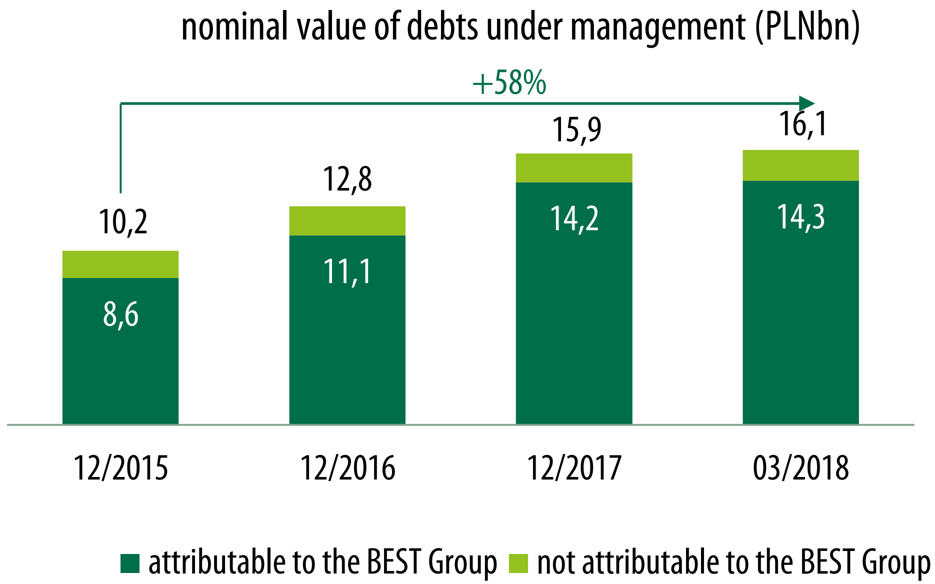
Key business metrics









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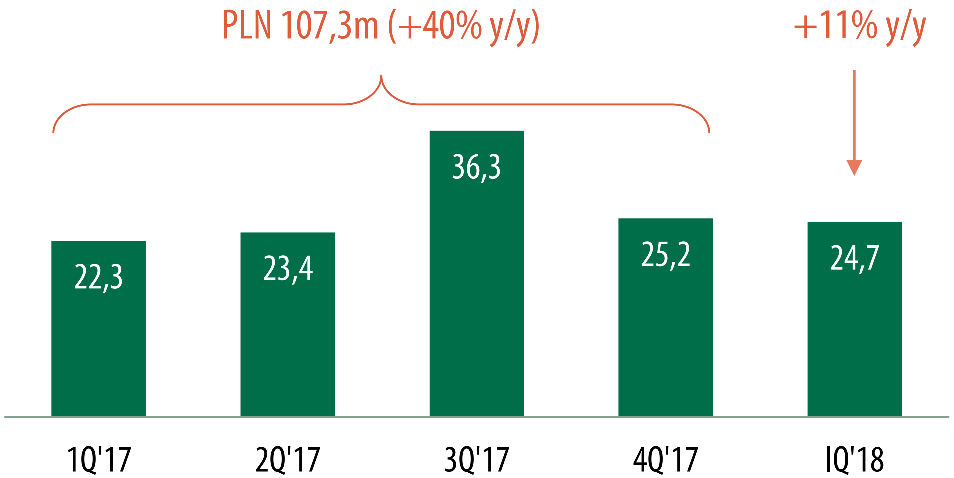
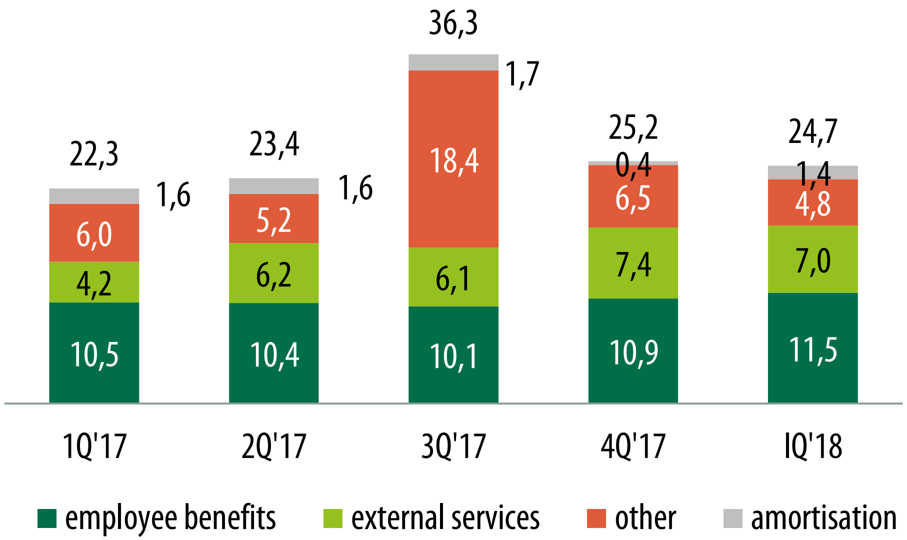
Cost discipline





- the 40% increase in costs in 2017 was mainly due to the increase in employment and significant expenditure on securing cases exposed to the risk of prescription (mostly in 3Q 2017)
- in 1Q 2018 operational costs were reduced in relations to the two previous quarters
- in 4Q 2017 and 1Q 2018 the growth rate of recoveries was much higher than the growth rate of costs year on year

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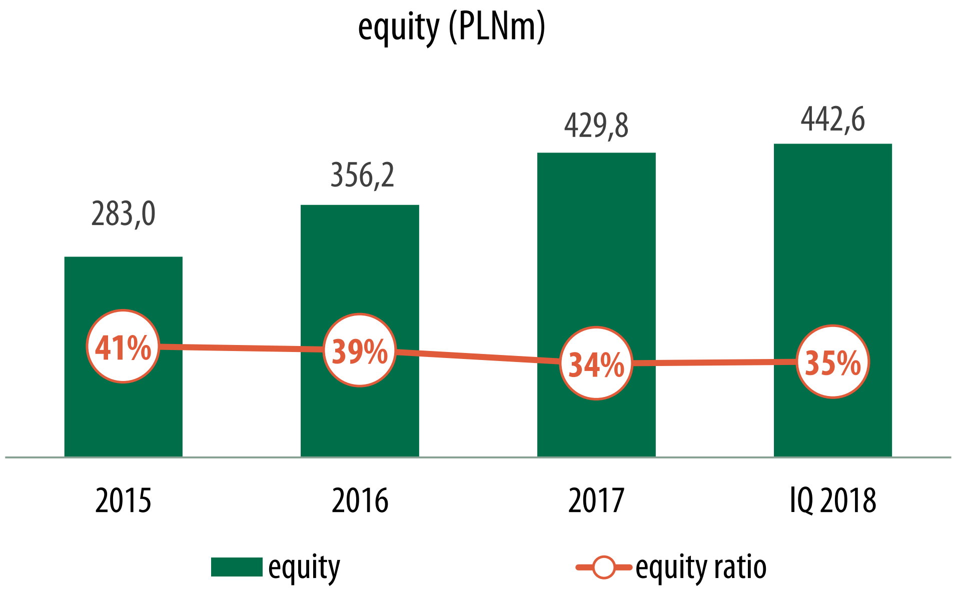
Financial performance figures

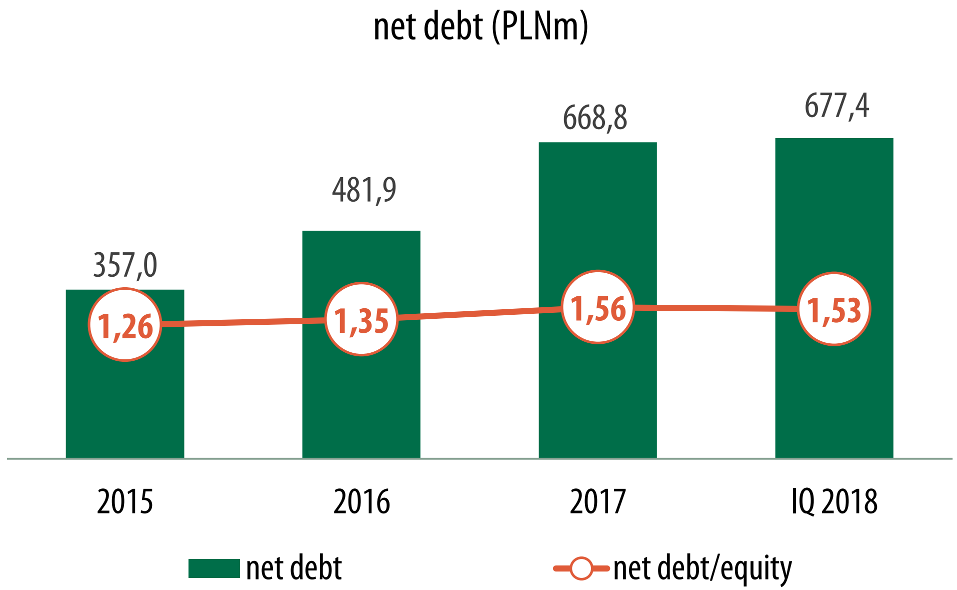
(PLNm)	1Q'18	1Q'17	y/y change	2017	2016	y/y change
operating income	**54,8**	**43,7**	**25%**	**198,6**	**210,3**	**-6%**
income from debt portfolios (BEST I, BEST II, BEST IV, BCI)	46,8	25,7	82%	150,7	147,4	2%
recoveries	52,4	39,8	32%	195,1	131,7	48%
portfolio amortisation	(8,3)	(11,9)	-31%	(50,2)	(33,4)	50%
change in estimation parameters	2,7	(2,1)	-227%	5,8	49,0	-88%
investments (BEST III, KI)	4,1	5,9	-31%	25,5	42,3	-40%
other income	3,9	4,2	-7%	22,4	20,6	9%
operating expenses	**24,7**	**22,3**	**11%**	**107,2**	**76,7**	**40%**
EBIT	**30,1**	**13,5**	**123%**	**91,4**	**133,6**	**-32%**
net finance costs	9,8	7,2	36%	35,3	24,6	44%
impairment loss on the investment in KI			-		69,3	-
net profit (loss)	**19,7**	**6,2**	**216%**	**55,1**	**38,8**	**42%**
adjusted cash EBITDA*	**40,2**	**30,8**	**30%**	**147,7**	**114,4**	**29%**

- growth in income from debt portfolios(+82% y/y) based on a growth in recoveries at the Group's own funds (+32% y/y)
- high cash EBITDA (+30% in 1Q'18 and +29% in 2017 y/y) – generated as a result of increased investments in recent quarters and a focus on the Group's operating efficiency
- other income associated with BEST III (debt portfolio and fund management) and other services

* in conformity with the calculation presented on slide 16

Stable financing structure





- steadily growing equity – effect of the profit reinvestment policy
- share capital was increased by PLN 19m through an issue of shares in Q2 2017 to a fund managed by a financial investor

- stable level of the key debt ratio (net debt/equity) – its rise driven by investments
- the Group's debt financing as at 31.03.2018:

PLN 653,7m - bonds
PLN 113,7m - bank borrowings (total facilities available –PLN 168m)
PLN 31,6M - loan from owners

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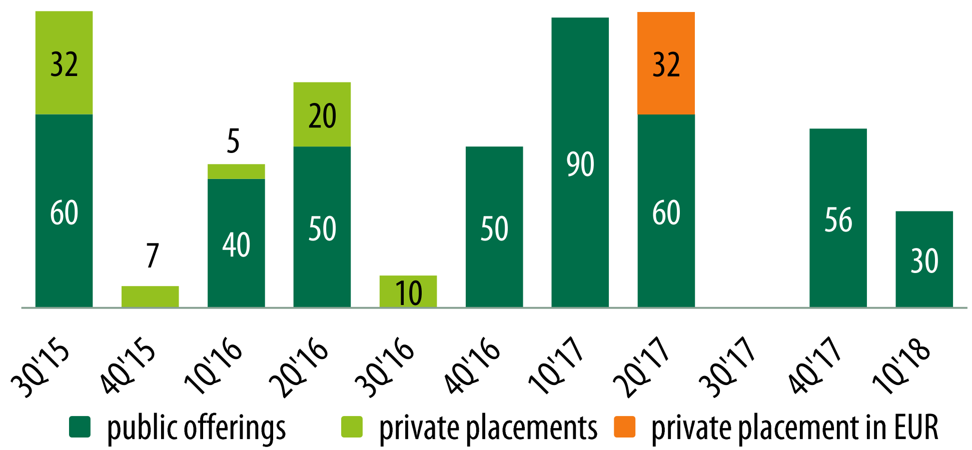
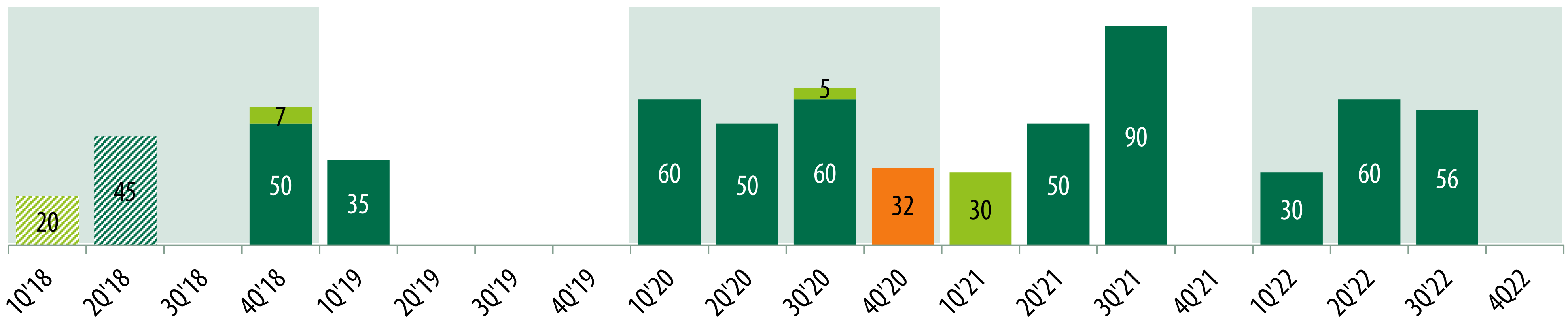
Bond issues as an important element of group's financing

bond issues (PLNm)



- activity in 2017: PLN 206m of bonds issued in public offerings, EUR 7.6m raised through private placements, PLN 10m of bonds repaid
- activity in 2018: T2 public offering worth PLN 30m as part of a third public programme, PLN 60m bonds repaid
- strong demand for public bonds
- favourable bond maturity structure – moderate redemptions in 2018 and 2019, with more significant repayments starting from 2020

bond redemption schedule (PLNm)



TECHNOLOGY SUPPORTING GROWTH

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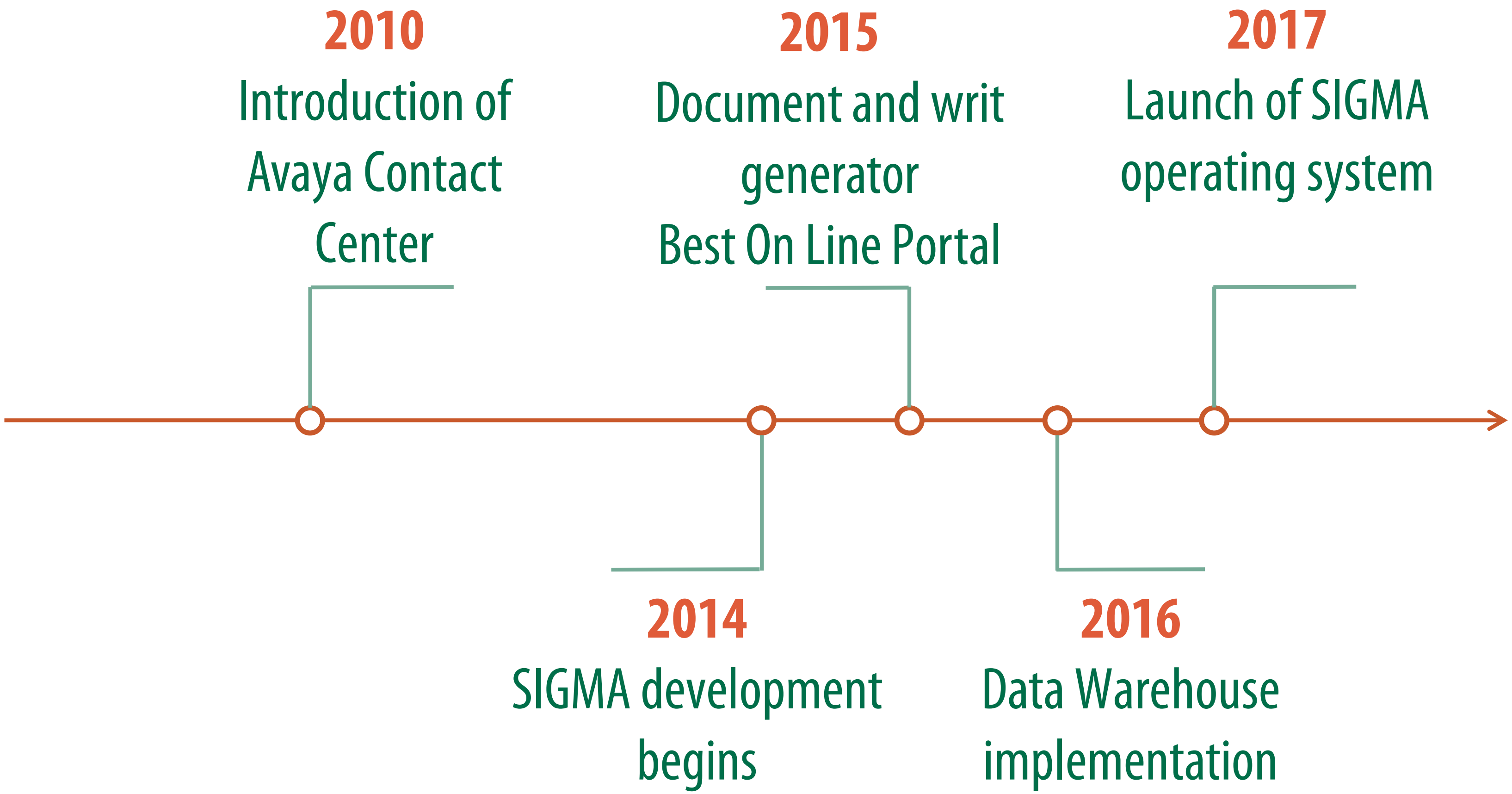
Stages of BEST Group's technological development



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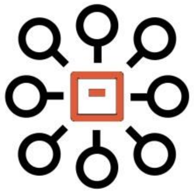
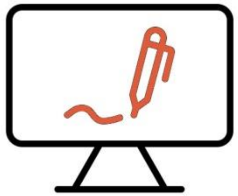
Operational excellence enhanced by technology

MULTICHANNEL CONTACT CENTRE

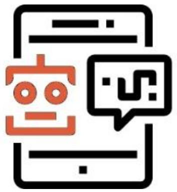


SPEECH TO TEXT

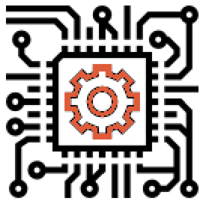
BIOMETRIC SIGNATURE



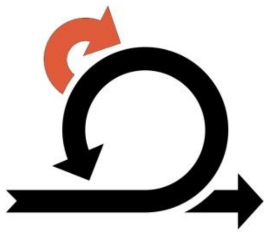
ROBOT-SUPPORTED DOCUMENT HANDLING



AI IN ANALYTICS



AGILE SCRUM



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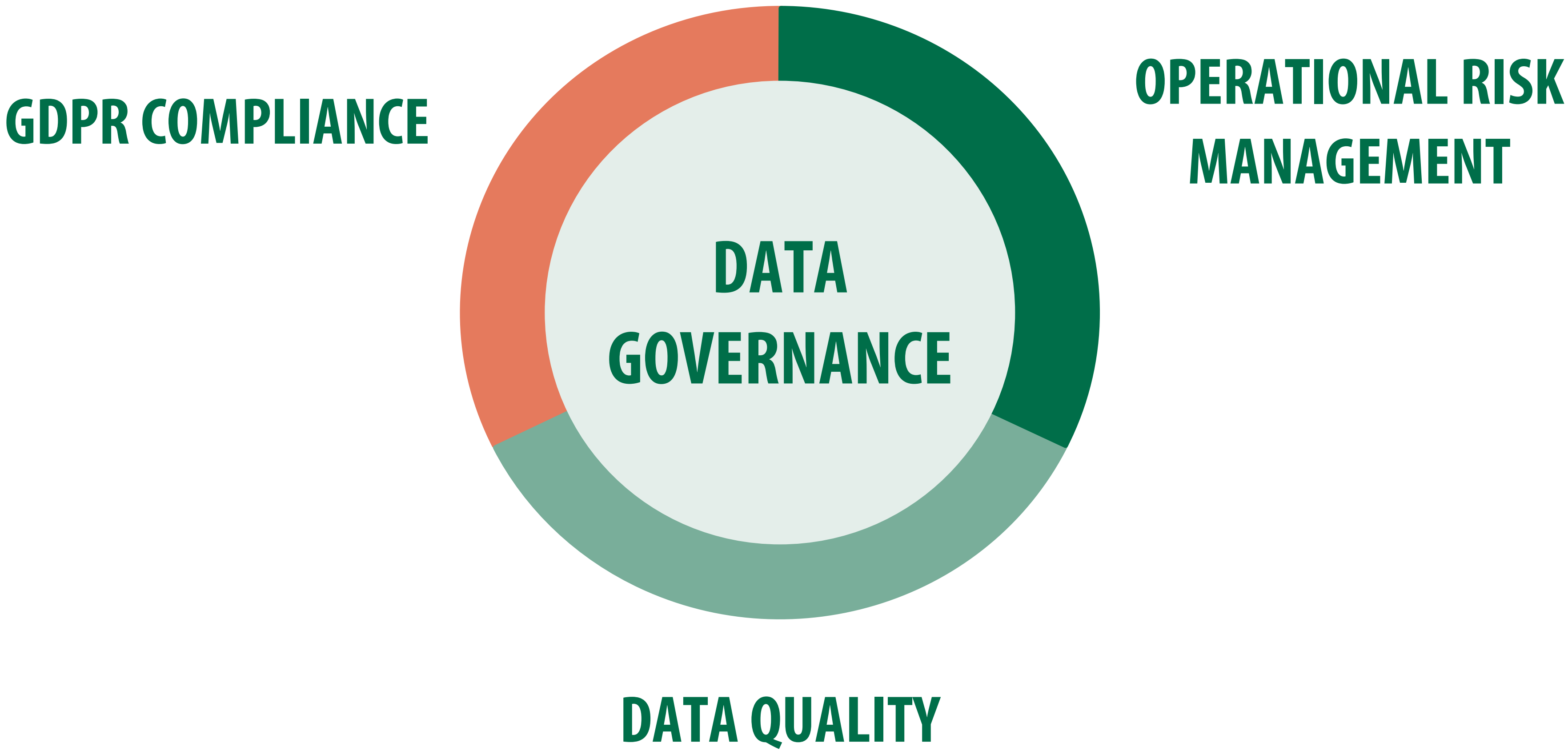
Operational and technological priorities for 2018



Thank you

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Appendix – cash EBITDA

(PLNm)	1Q'18	1Q'17	y/y change	2017	2016	y/y change
BEST (BEST I, BEST II i BEST IV, BCI)	**33,0**	**23,2**	**42%**	**115,5**	**79,8**	**45%**
BEST interest	*100,00%*	*100,00%*	-	*100,00%*	*100,00%*	-
recoveries	52,4	39,8	32%	195,1	131,7	48%
other income	3,9	4,2	(7%)	22,4	20,6	9%
OPEX (excluding D&A)	(23,3)	(20,8)	12%	(102,0)	(72,5)	41%
BEST III	**7,3**	**7,6**	**(4%)**	**32,2**	**34,6**	**(7%)**
BEST interest	*50,00%*	*50,00%*	-	*50,00%*	*50,00%*	-
cash EBITDA	14,5	15,3	(5%)	64,4	69,4	(7%)
recoveries	19,2	21,8	(12%)	86,5	96,5	(10%)
other income	0,0	0,0	-	0,0	1,5	(100%)
OPEX	(4,7)	(6,5)	(28%)	(22,1)	(28,6)	(23%)
adjusted cash EBITDA	**40,2**	**30,8**	**30%**	**147,7**	**114,4**	**29%**
Kredyt Inkaso*	**0,0**	**8,5**	**-**	**39,2**	**33,8**	**16%**
BEST interest	*32,99%*	*32,99%*	-	*33,04%*	*32,99%*	-
cash EBITDA	0,0	25,9	-	118,7	102,5	16%
recoveries	0,0	41,1	-	173,9	147,3	18%
other income	0,0	16,1	-	30,9	37,6	(18%)
OPEX (excluding D&A)**	0,0	(31,3)	-	(86,1)	(82,4)	5%
full cash EBITDA	**40,2**	**39,4**	**-**	**186,9**	**148,2**	**26%**

* The differences between the level of cash EBITDA presented in this table and in BEST's consolidated financial reports are attributable to the availability of financial information of Kredyt Inkaso as at the date of publication of the reports. In this presentation, financial information of Kredyt Inkaso has been accounted for in the periods to which it relates.

** Operating expenses plus income tax and profit attributable to non-controlling interests.

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Appendix – consolidated statement of financial position

(PLNm)	31.12.2016	31.03.2017	30.06.2017	30.09.2017	31.12.2017	31.03.2018
assets, including:	**904,9**	**1047,3**	**1123,5**	**1146,7**	**1245,9**	**1258,6**
cash and cash equivalents	22,0	105,3	117,6	76,8	91,2	121,8
purchased debt	611,1	675,5	741,9	790,7	866,5	853,3
investments in jointly controlled entities	112,0	108,6	106,6	104,5	101,0	97,4
investments in associates	106,7	106,7	107,4	107,3	109,0	109,0
investment property	7,6	7,6	7,6	7,6	14,3	14,3
equity and liabilities, including:	**904,9**	**1047,3**	**1123,5**	**1146,7**	**1245,9**	**1258,6**
financial liabilities	503,9	581,3	698,8	708,8	760,0	799,2
equity	356,2	363,0	405,1	421,4	429,8	442,8
net debt	**481,9**	**476,0**	**581,2**	**632,0**	**668,8**	**677,4**
net debt/equity	**1,4**	**1,3**	**1,4**	**1,5**	**1,6**	**1,5**

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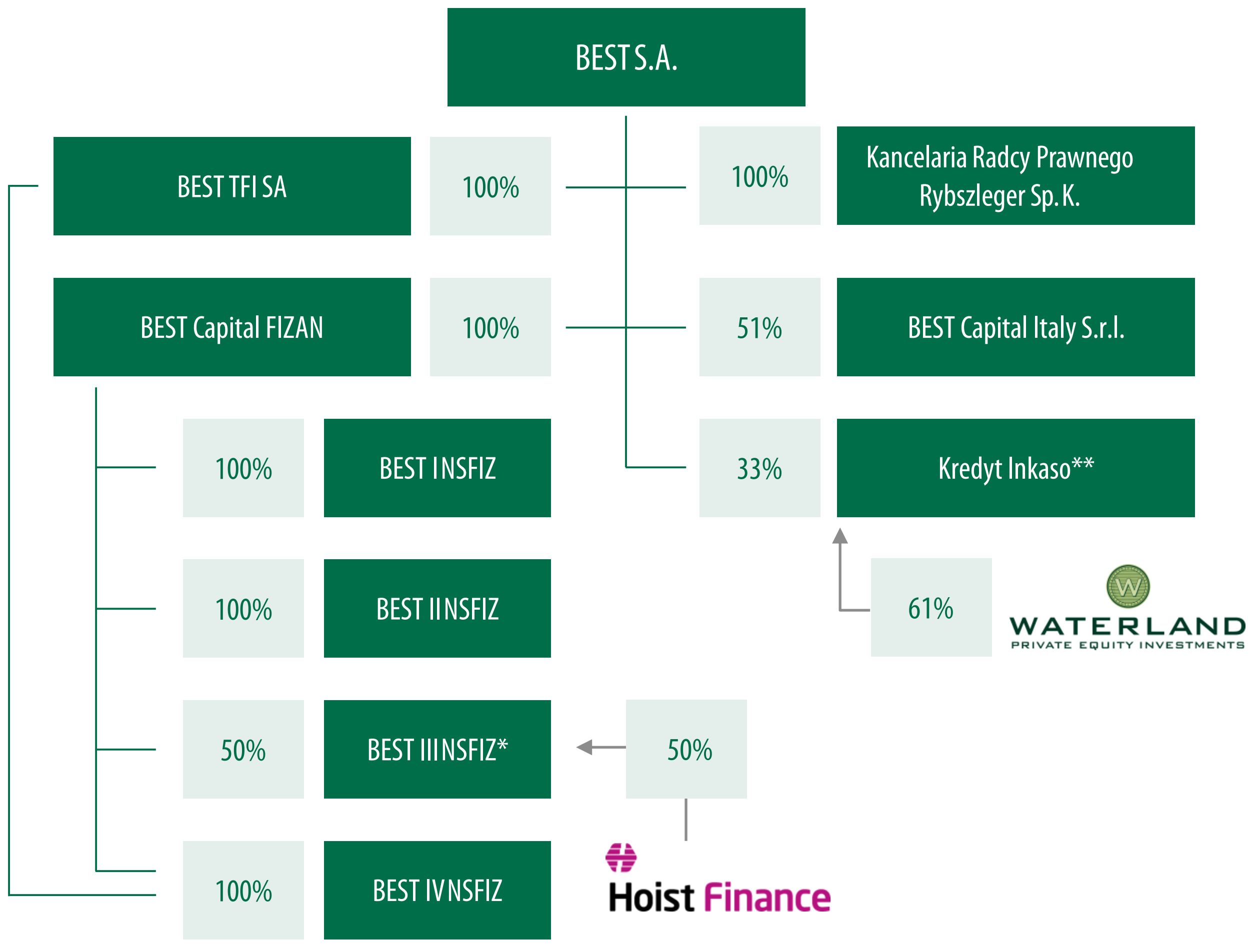
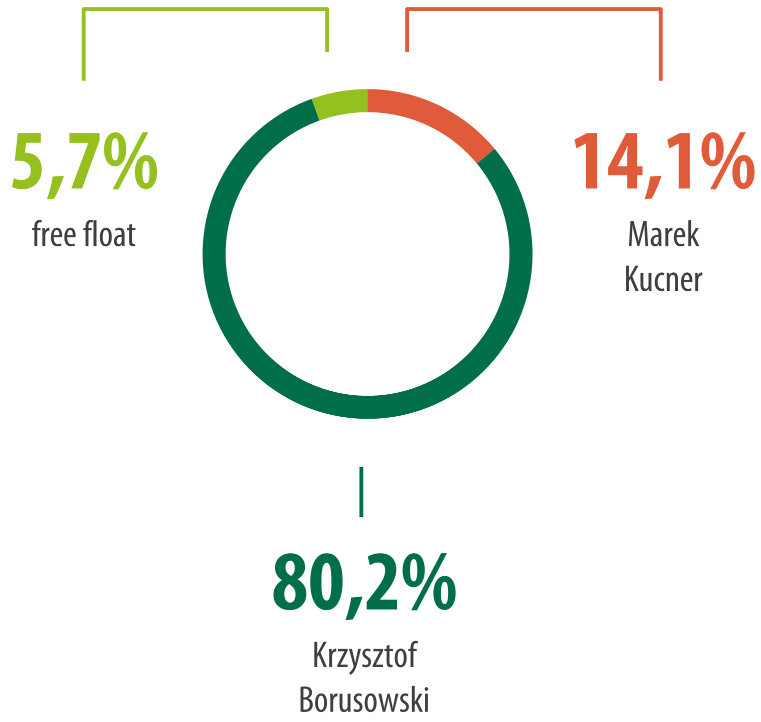
Appendix – structure of the BEST Group



BEST S.A. shareholder structure
(% of share capital held)



* jointly controlled entity ** associate