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Lindorff presents:
- European Credit Outlook 2015
- Solution rates and trends

By Rune Ohlgren, Amsterdam,11.06.2015

Director for International, Lindorff Group

Agenda

- Introduction
- European Credit Outlook Survey 2015
  - Background info
  - Question asked
  - Results of the analysis
- Lindorff International solution rates
  - High solution countries
  - Countries with very little solution
  - Trends
- Summary

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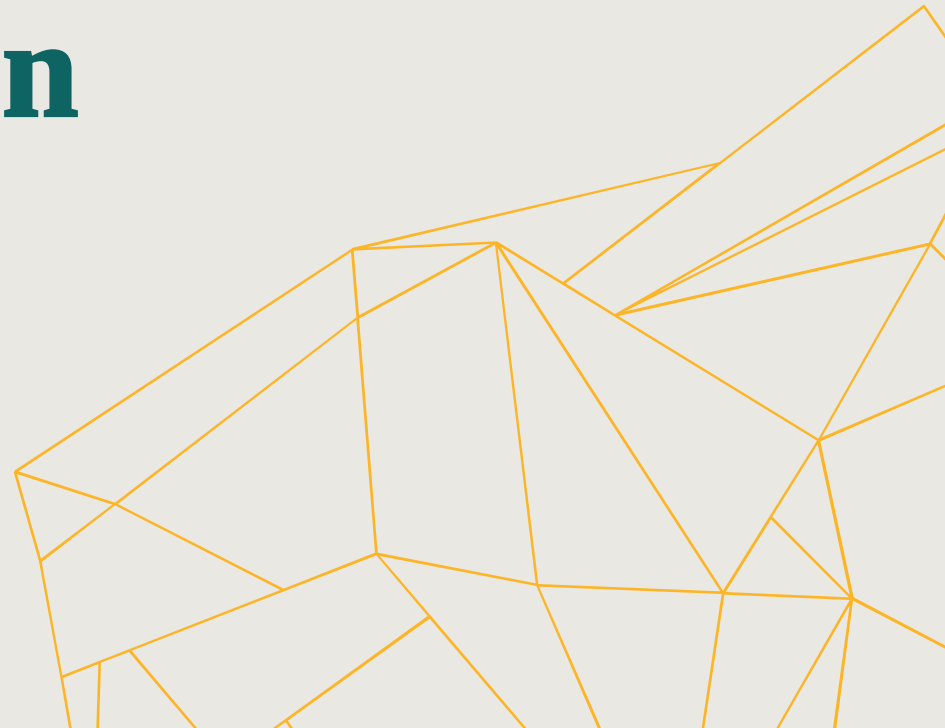
Introduction



Brief information about Lindorff Group

1898
Established by
Eynar Lindorff

2,750
Employees

12 countries
Headquarter in Oslo

Nordic Capital
Majority owner

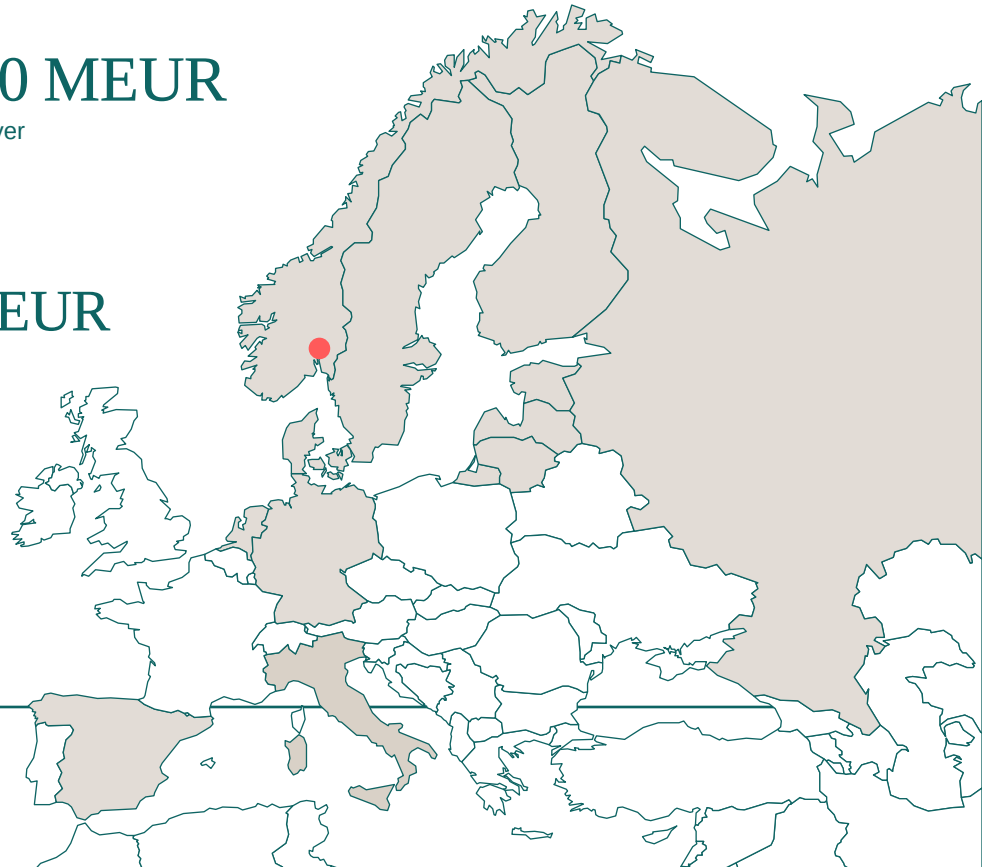
LINDORFF

450 MEUR
Turnover

Leading position
In Bank / Finance industry

142 MEUR
EBITDA

27 000 MEUR
Active collection cases pending



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Lindorff International

Agents in 220 countries

80 millions Euro collected in 2014

Payments from around the globe

Knowledge

Agency network

Advisory

Lowest share of costs per paid Euro

Our knowledge – Your profit

International conventions

International in brief, pr. 01.01.2015:

COE

in Oslo. Focus on quality, competence and revenue

220

Countries covered

10 countries / 35 FTEs

Offices in Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Russia, The Netherlands Germany and Norway.

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55/45%

3PC / Capital (of Revenue)

79 MEUR

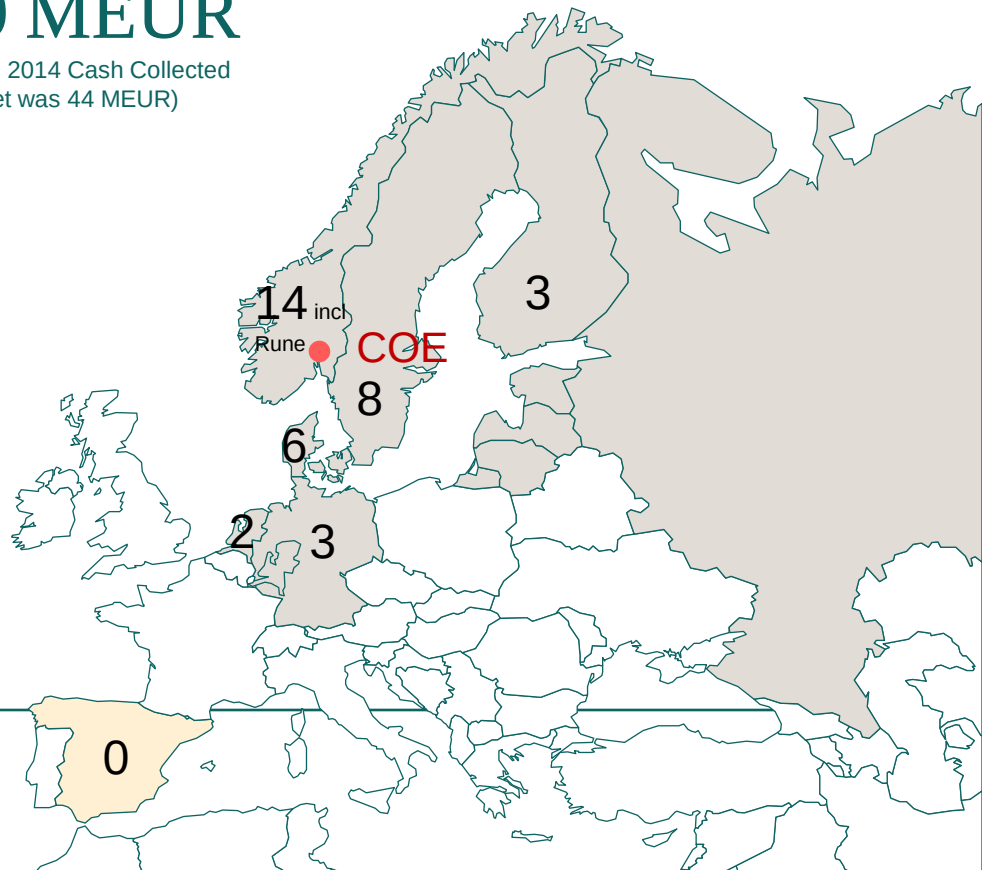
Actual 2014 Cash Collected (Target was 44 MEUR)

1995

Started focus on International debt collection

1.168 MEUR

152 000 active IC cases



Center of Excellence (COE) in Oslo:

Europe's leading international environment. 14 specialists with160 years of experience

220 / 180 / 164

13 languages / 15 currencies

Slogan:

Our Knowledge – Your Profit

Our agent network:

LIC | **ALQ** | **FEBIS** | **FENCA**

LIC (League International for Creditors) + Board member

FEBIS (Federation of Business Information Services)

FENCA (Federation of European National Collection Associations)

NIF (Norges inkassobyråers Forening) (National Debt. Coll. Association)

ALQ (American Lawyers Company - Quarterly law list)

+ Independent agents (for several years) with references

= 220 countries covered

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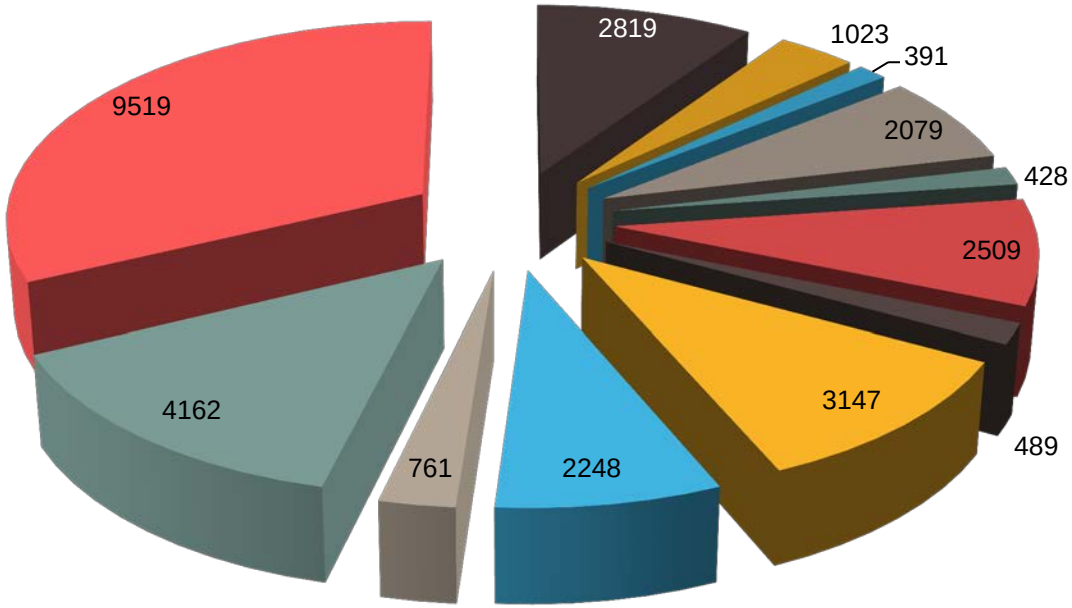
Which industries in Norway have international affairs:

Share per 01.01.2015:



Industry:	No. Files:	Percent:
Other	2819	9,5
Auto	1023	3,5
Factoring	391	1,3
Insurance	2079	7
Energy	428	1,4
Public	**2509**	8,5
Reminder	489	1,7
Trade	**3147**	10,6
Secured credit	2248	7,6
SMB	761	2,6
Telecom	**4162**	14,1
Unsecured credit	9519	32,2

Sum Bank (secured and unsecured credit), Finance (incl. Auto) and Insurance: 51,6%

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Lindorff European Credit Outlook Survey 2015

Important parameters / Background figures:

	POPULATION (July 2014)	GDP PR CAPITA (USD 2014)	UNEMPLOYMENT RATE (Latest 2014)	KEY INTEREST RATE (Latest 2014)	INFLATION RATE (Latest 2014)
GERMANY	80 996 685	38 291,6	4,90%	0,05%	0,60%
DENMARK	5 569 077	46 255,1	4,00%	0,20%	0,50%
THE NETHERLANDS	16 877 351	40 187,1	8,00%	0,05%	1,00%
FRANCE	66 259 012	34 140,6	10,40%	0,05%	0,30%
ITALY	61 680 122	28 376,4	13,20%	0,05%	0,19%
NORWAY	5 147 792	65 188,5	3,70%	1,25%	1,90%
UNITED KINGDOM	63 742 977	37 955,1	6,00%	0,50%	1,30%
SWEDEN	9 723 809	44 161,1	7,40%	0,00%	-0,20%
FINLAND	5 268 799	37 676,6	8,30%	0,05%	1,00%
SPAIN	47 737 941	24 573,1	23,67%	0,05%	-0,40%

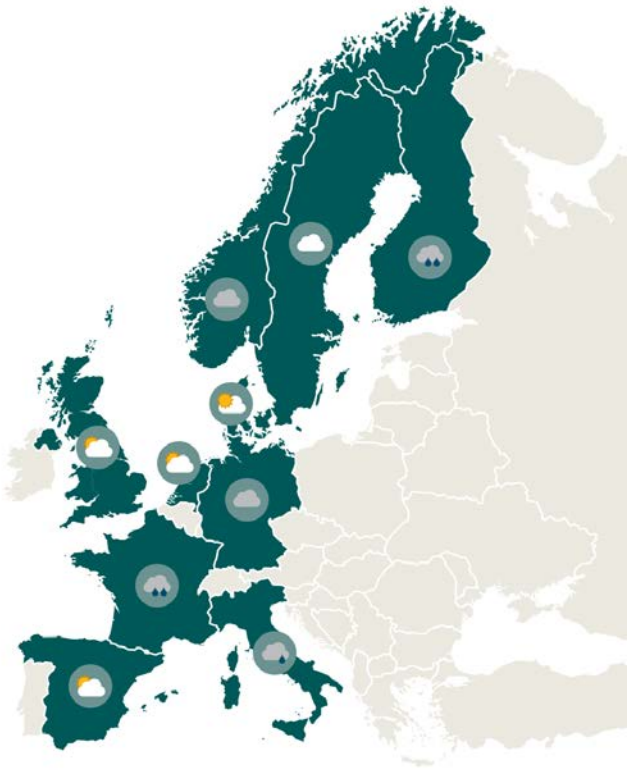
Background for analysis

- For the third consecutive year published Lindorff European Credit Outlook (LECO). LECO includes a survey of executives and financial managers in European businesses about the expectations they have of the credit market in the coming year.
- The survey was conducted by TNS Gallup on behalf of Lindorff in Norway, Sweden, Denmark, Finland, Netherlands, England, Germany, France, Spain and Italy. Overall it's completed in 1094 interviews with CEOs, CFOs and other senior executives in a wide range of industries and sectors. Banking / finance, trade, utility and telecom
- *Interviews were conducted Q4 / 2014*

The questions posed in the analysis:

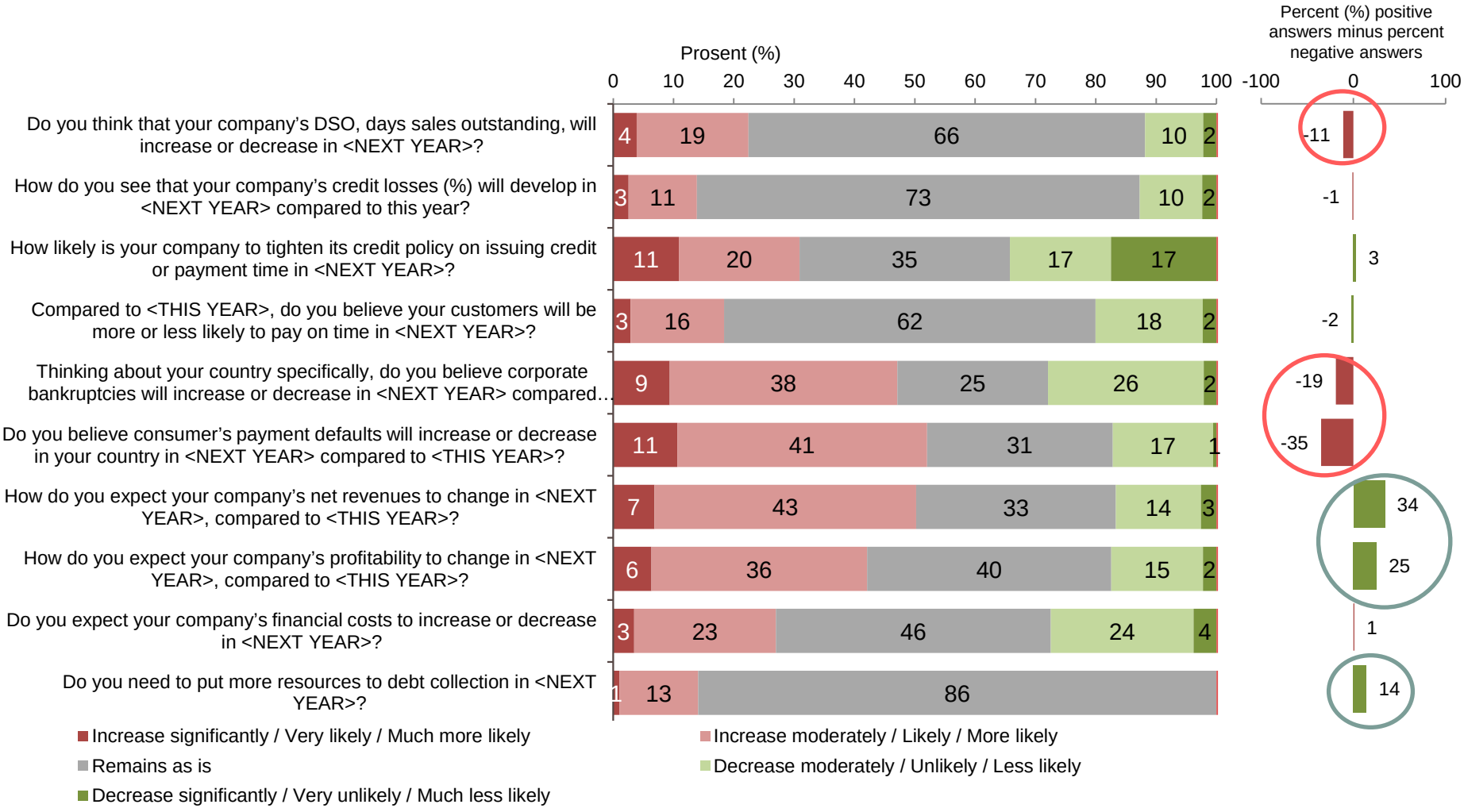
- Do you think that your company's DSO (Days Sales Outstanding) will increase or decrease in 2015?
- How do you see that your company's credit losses (%) will develop in 2015 compared to this year?
- How likely is your company to tighten its credit policy on issuing credit or payment time in 2015?
- Compared to 2014, do you believe your customers will be more or less likely to pay on time in 2015?
- Thinking about your country specifically, do you believe corporate bankruptcies will increase or decrease in 2015 compared to 2014
- Do you believe consumer payment defaults will increase or decrease in your country in 2015 compared to 2014?
- How do you expect your company's net revenues to change in 2015, compared to 2014?
- How do you expect your company's profitability to change in 2015, compared to 2014?
- Do you expect your company's financial costs to increase or decrease in 2015?
- Do you need to put resources into debt collection in 2015?

Pessimism in France and Finland, better in Spain, Denmark and the UK



- Weak faith in macro in most European countries
  - France and Finland are the most pessimistic regarding developments in 2015
  - Germany and Norway think the macro gets worse
  - Spain, Denmark and the UK have the most positive expectations
- Strong faith in their own business in most countries
  - Many seem to be too positive on their own behalf

All countries - forecast for 2015 – incl. questions



Do you think your company's DSO (days sales outstanding) will increase or decrease in 2015?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	1%	9%	76%	11%	3%
Sweden		9%	85%	6%	
Denmark		19%	73%	6%	2%
Finland	4%	38%	58%		
Germany		28%	62%	10%	
NL	1%	13%	67%	15%	4%
England		28%	58%	11%	4%
France	18%	18%	59%	3%	2%
Spain	1%	12%	62%	21%	3%
Italy	12%	13%	59%	12%	4%

How do you see that your company's credit losses (%) will develop in 2015 compared to this year?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	1%	15%	68%	12%	4%
Sweden		6%	87%	7%	
Denmark	1%	3%	91%	5%	
Finland	1%	22%	75%	2%	
Germany		14%	76%	8%	2%
NL	3%	6%	71%	15%	5%
England		1%	84%	14%	1%
France	7%	21%	66%	2%	4%
Spain	1%	6%	60%	32%	1%
Italy	10%	16%	59%	8%	6%

How likely is your company to tighten its credit policy on issuing credit or payment time in 2015?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	7%	29%	41%	19%	8%
Sweden	9%	19%	59%	5%	8%
Denmark	3%	12%	38%	9%	38%
Finland	9%	30%	14%	13%	34%
Germany	8%	11%	35%	26%	20%
NL	13%	19%	31%	19%	18%
England	12%	9%	40%	16%	23%
France	32%	19%	24%	12%	12%
Spain	9%	28%	38%	18%	7%
Italy	7%	22%	28%	35%	7%

Compared to 2014, do you believe your customers will be more or less likely to pay on time in 2015?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	2%	12%	68%	15%	2%
Sweden		10%	79%	11%	
Denmark		3%	90%	7%	
Finland	3%	45%	41%	8%	2%
Germany	2%	22%	38%	29%	9%
NL	1%	20%	53%	25%	1%
England		10%	65%	22%	2%
France	8%	29%	58%	5%	
Spain		5%	69%	23%	3%
Italy	6%	20%	54%	11%	9%

Thinking about your country specifically, do you believe corporate bankruptcies will increase or decrease in 2015 compared to 2014?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	4%	69%	23%	3%	1%
Sweden	2%	48%	36%	13%	1%
Denmark		12%	32%	57%	
Finland	5%	69%	19%	7%	
Germany	4%	60%	25%	11%	
NL	4%	21%	15%	56%	4%
England	1%	21%	35%	41%	1%
France	39%	30%	26%	5%	1%
Spain	4%	12%	20%	56%	8%
Italy	27%	33%	22%	13%	4%

Do you believe consumer payment defaults will increase or decrease in your country in 2015 compared to 2014?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	7%	56%	33%	3%	1%
Sweden	4%	44%	43%	8%	1%
Denmark	1%	26%	40%	33%	
Finland	6%	77%	15%	2%	
Germany	1%	55%	38%	6%	
NL	11%	48%	13%	34%	1%
England	4%	23%	44%	28%	
France	33%	42%	19%	5%	
Spain	5%	14%	43%	37%	1%
Italy	30%	31%	22%	15%	1%

Do you need to put resources into debt collection in 2015?

Country	Very negative	Negative	Remain as is	Positive	Very Positive
Norway	1%	12%	87%		
Sweden		9%	91%		
Denmark	1%	3%	96%		
Finland	2%	29%	69%		
Germany	1%	6%	93%		
NL		12%	88%		
England		9%	91%		
France		24%	76%		
Spain	1%	11%	88%		
Italy	4%	14%	81%		

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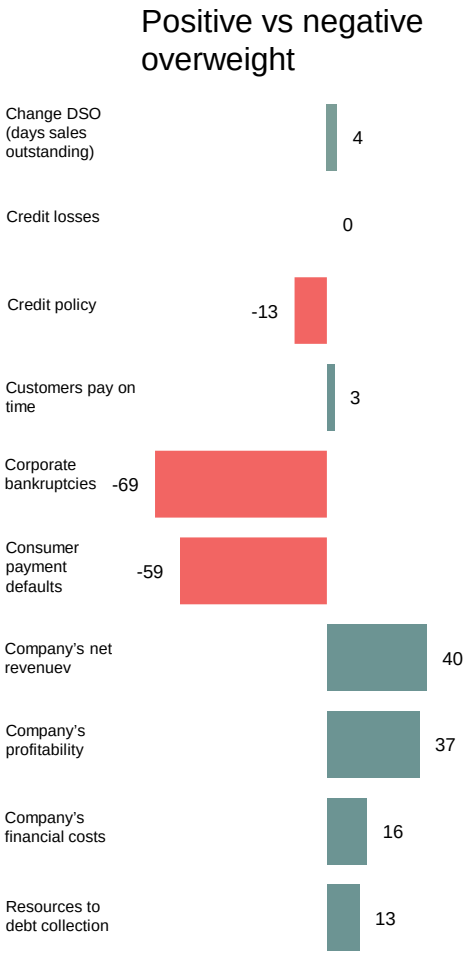
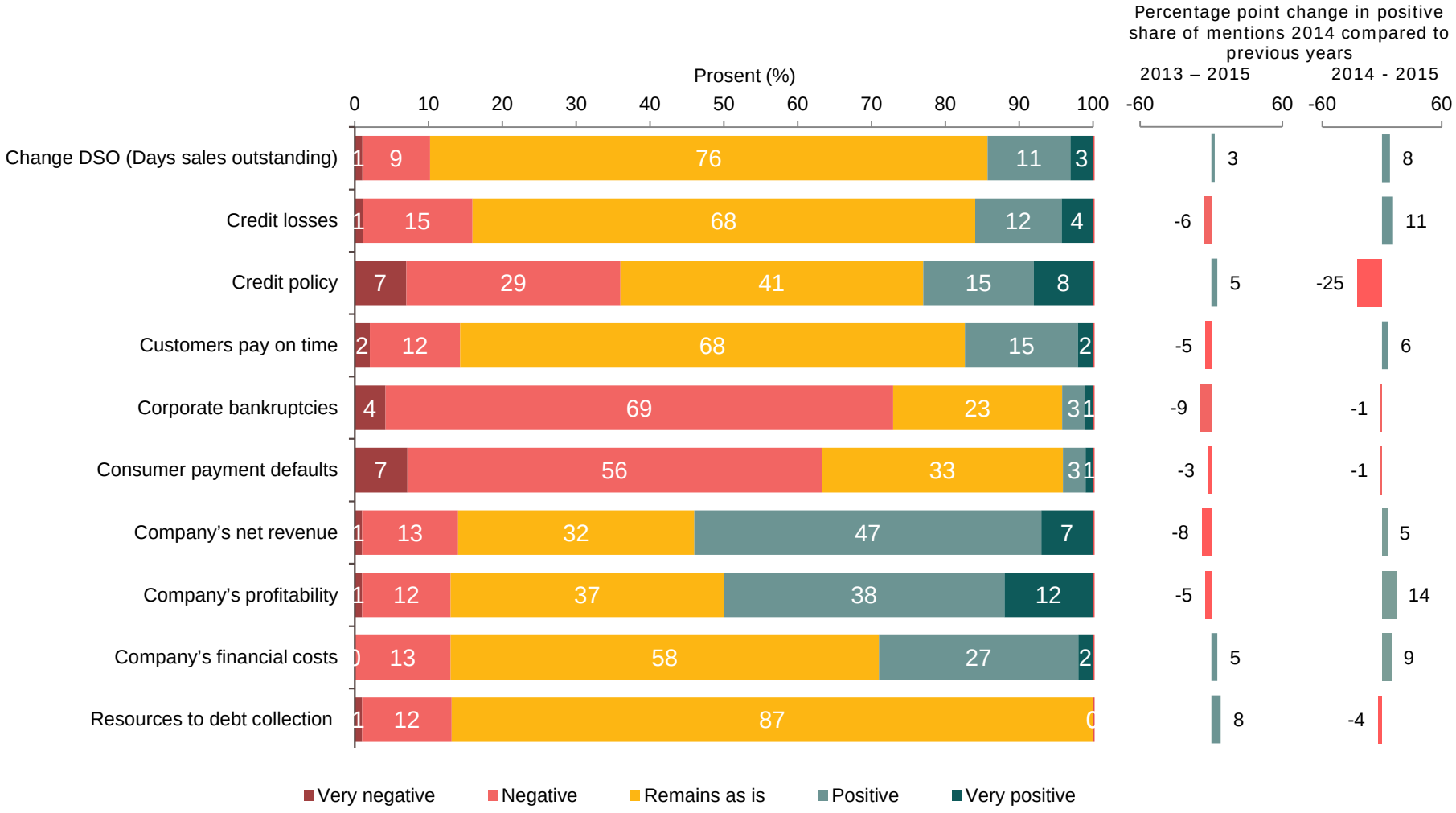
Europa, country by country

Norwegian executives expect an increase in defaults among corporates and individuals,



- Due to the sharp drop in oil prices executives expect
  - Lower investments in oil related projects
  - More bankruptcies
  - More defaults among consumers
- Stronger optimism on their own behalf
  - Expect revenue growth and
  - Stronger bottom line

Norwegian executives also believe in revenue growth



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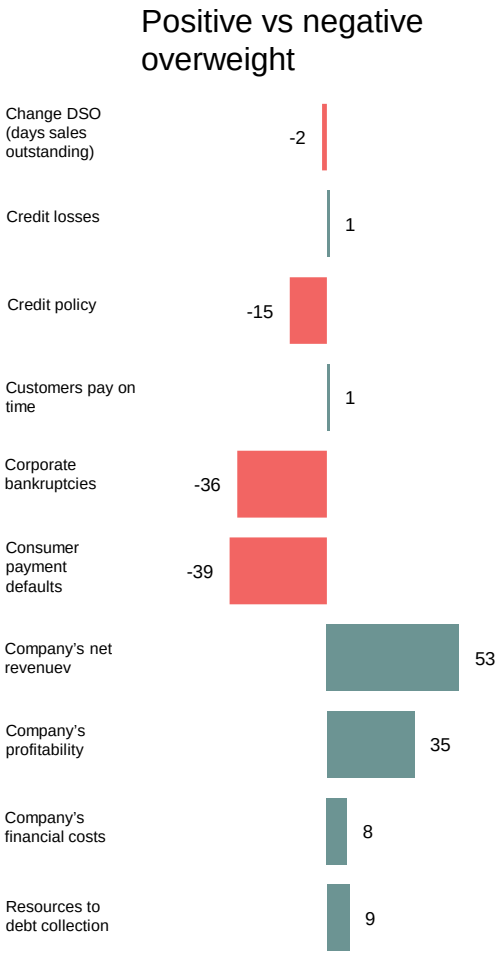
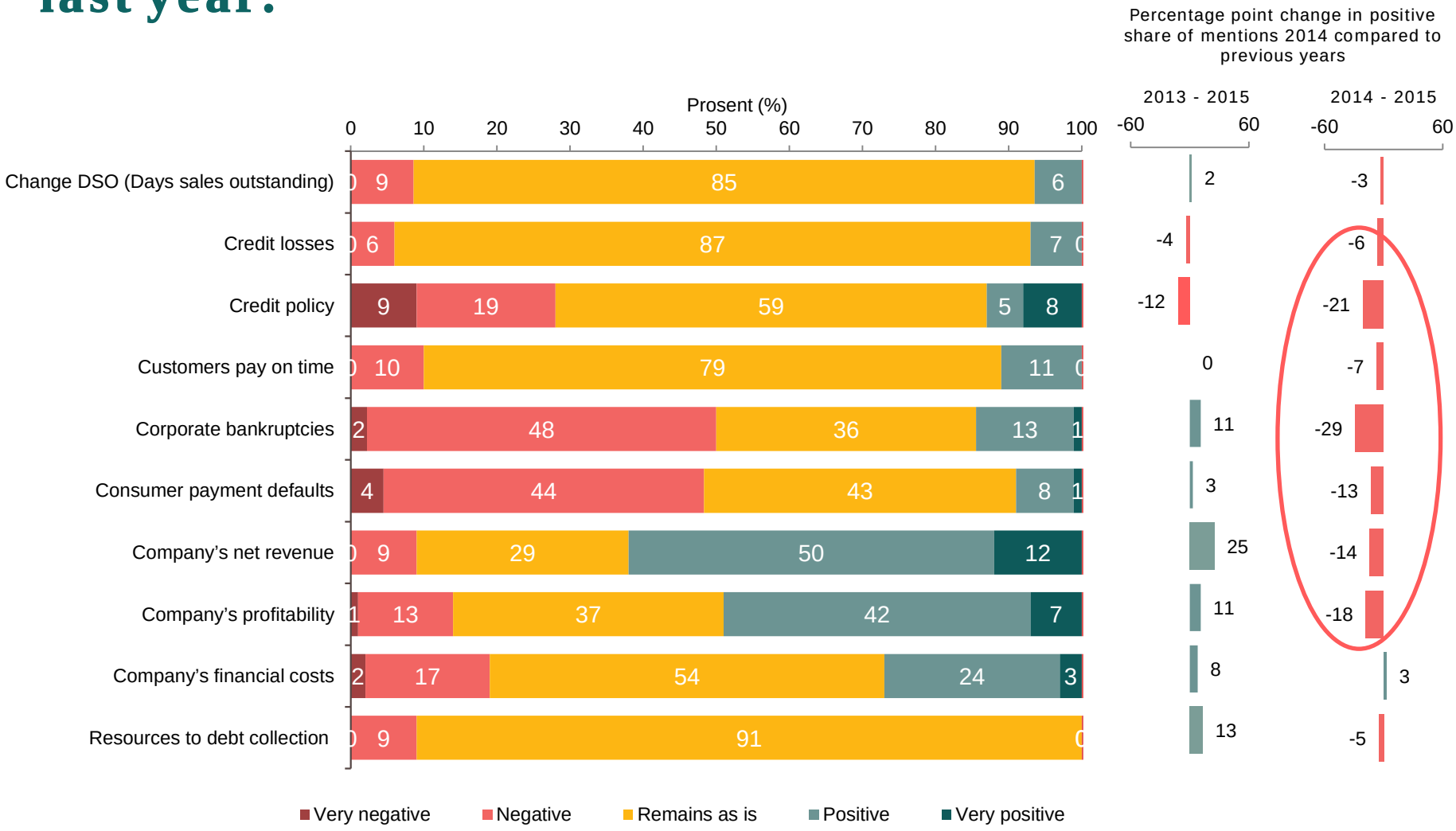
Weak macroeconomic expectations in Sweden…

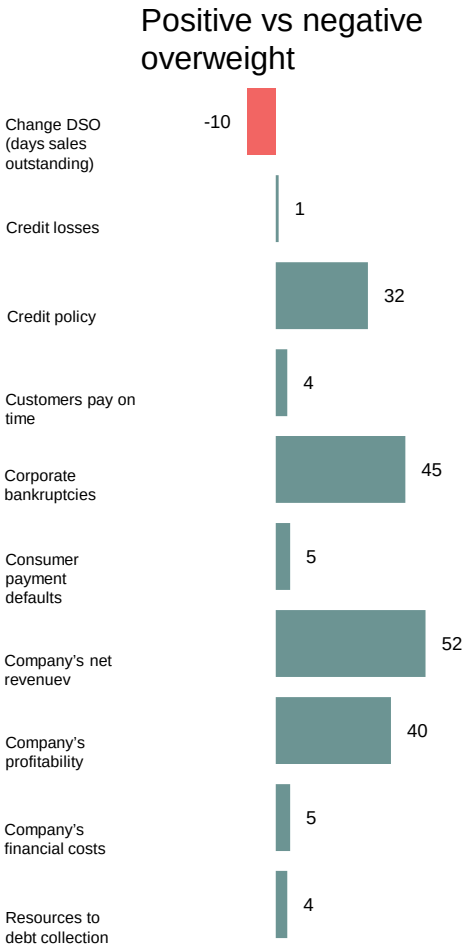


- Expect a worsening of the macro:
  - More bankruptcies
  - More defaults among consumers
- Going to tighten credit policy
- Great faith in their own business
  - Expects Revenue Growth
  - And stronger bottom line

Swedes have become more negative than they were last year:

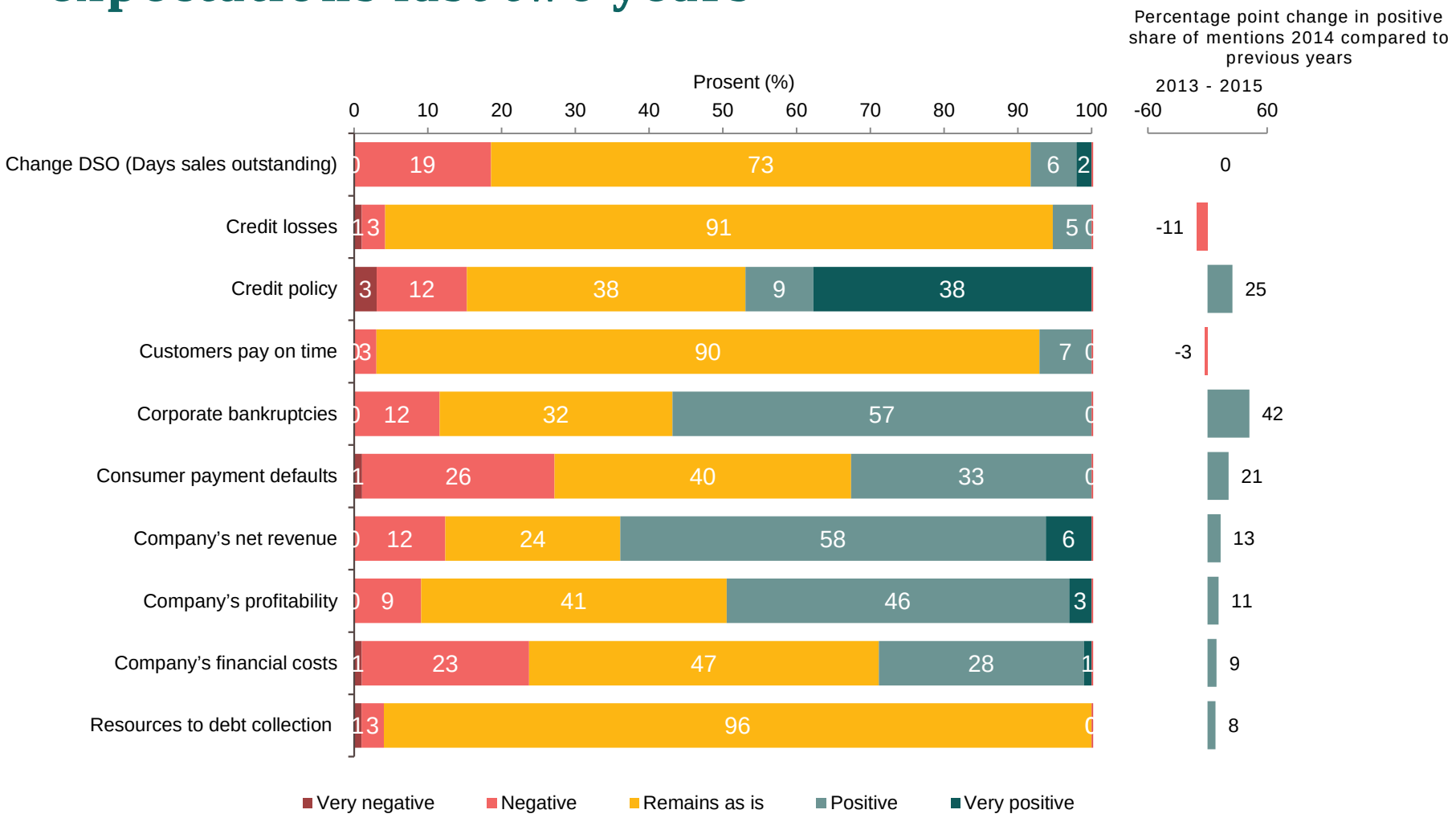


Positive expectations in Denmark

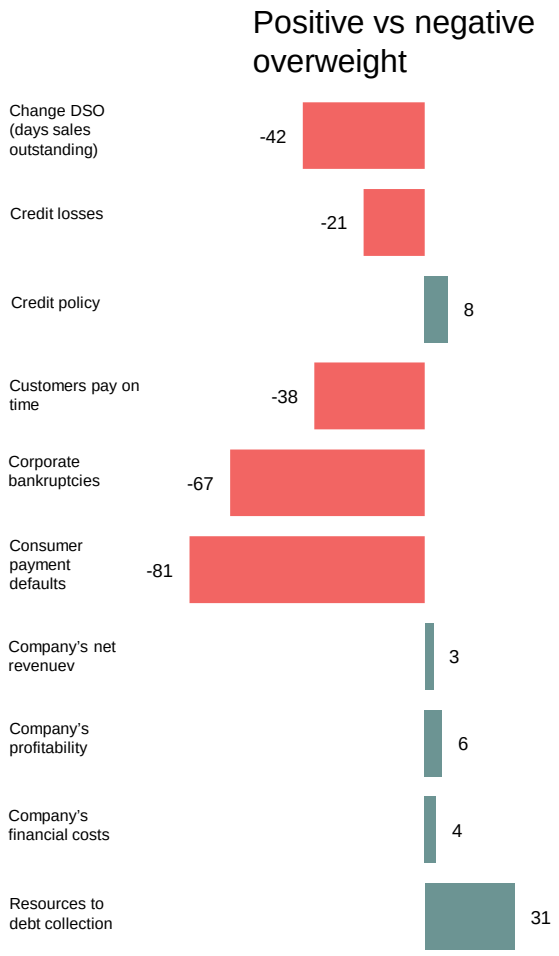


- Positive expectations in almost all areas:
  - Fewer bankruptcies
  - Looser credit policy
  - Revenue growth
  - Improved bottom line

Denmark has a significant positive change in expectations last two years

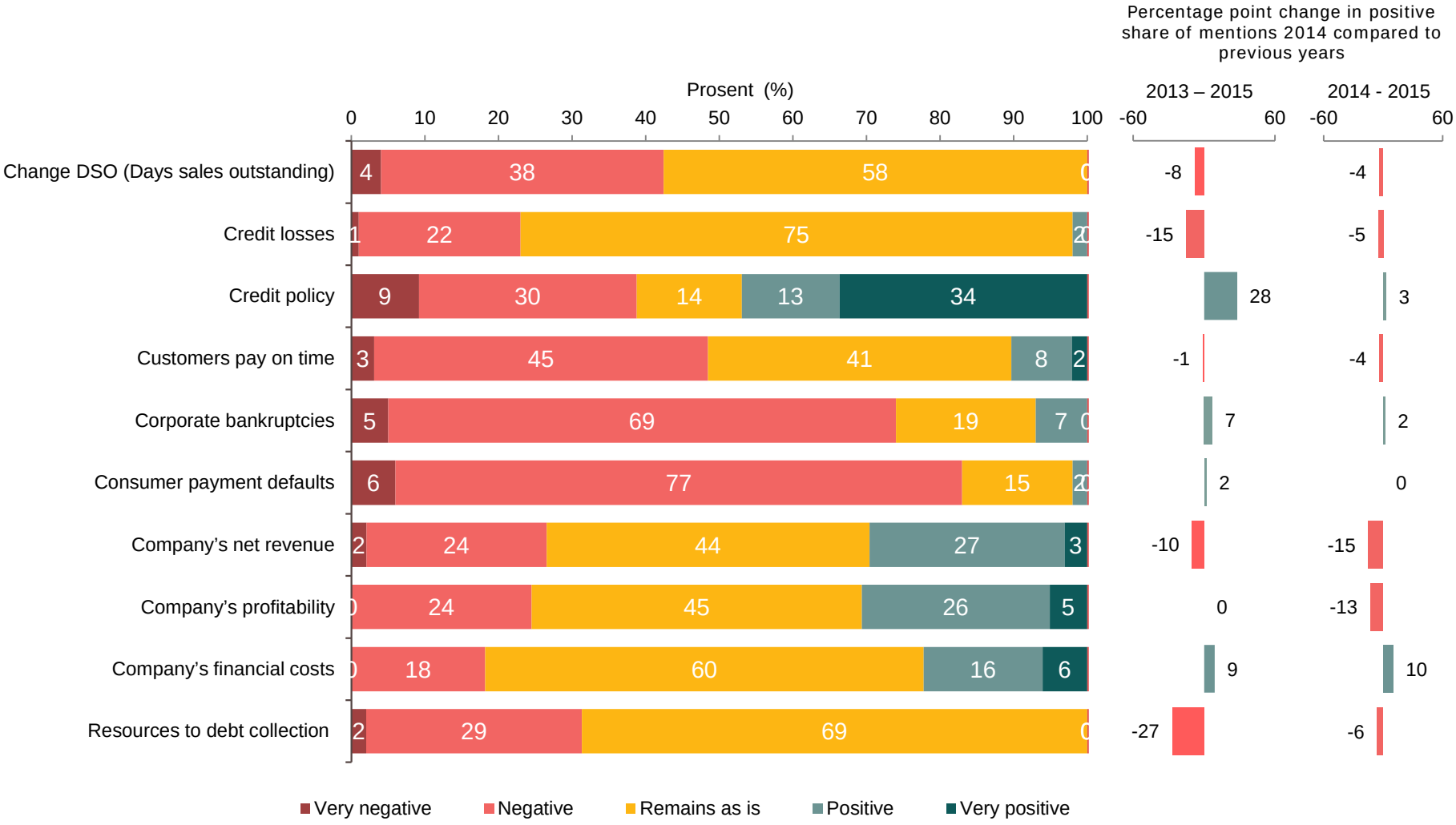


Depressive expectations in Finland

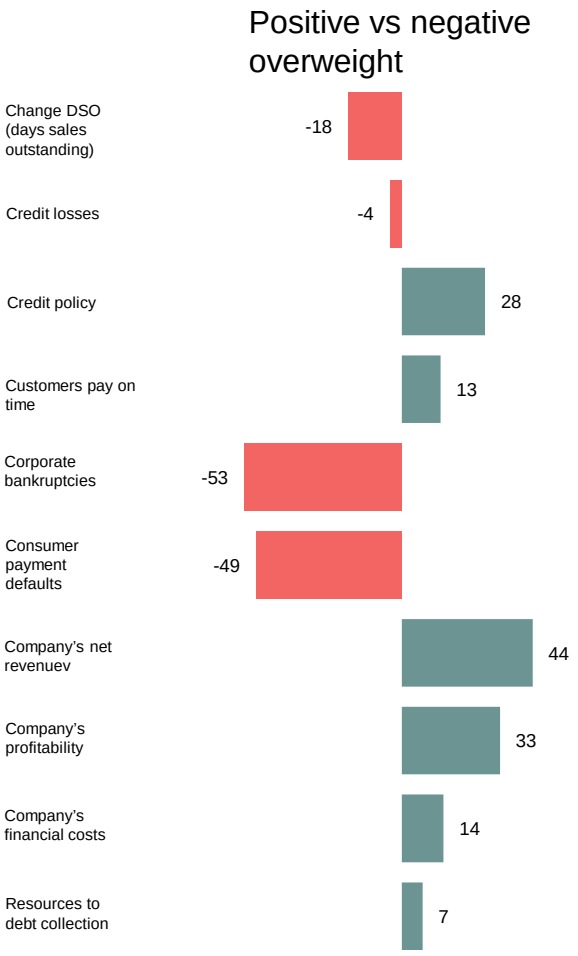


- Very negative expectations for 2015
- Large majority who expect that the macro will become weaker:
  - More bankruptcies
  - More defaults among consumers
- Expectations of more losses for own business
  - Longer credit time
  - More defaults
  - Greater credit losses

Finland 2015: Nearly half of the Finnish executives believe their customers will be less likely to pay on time

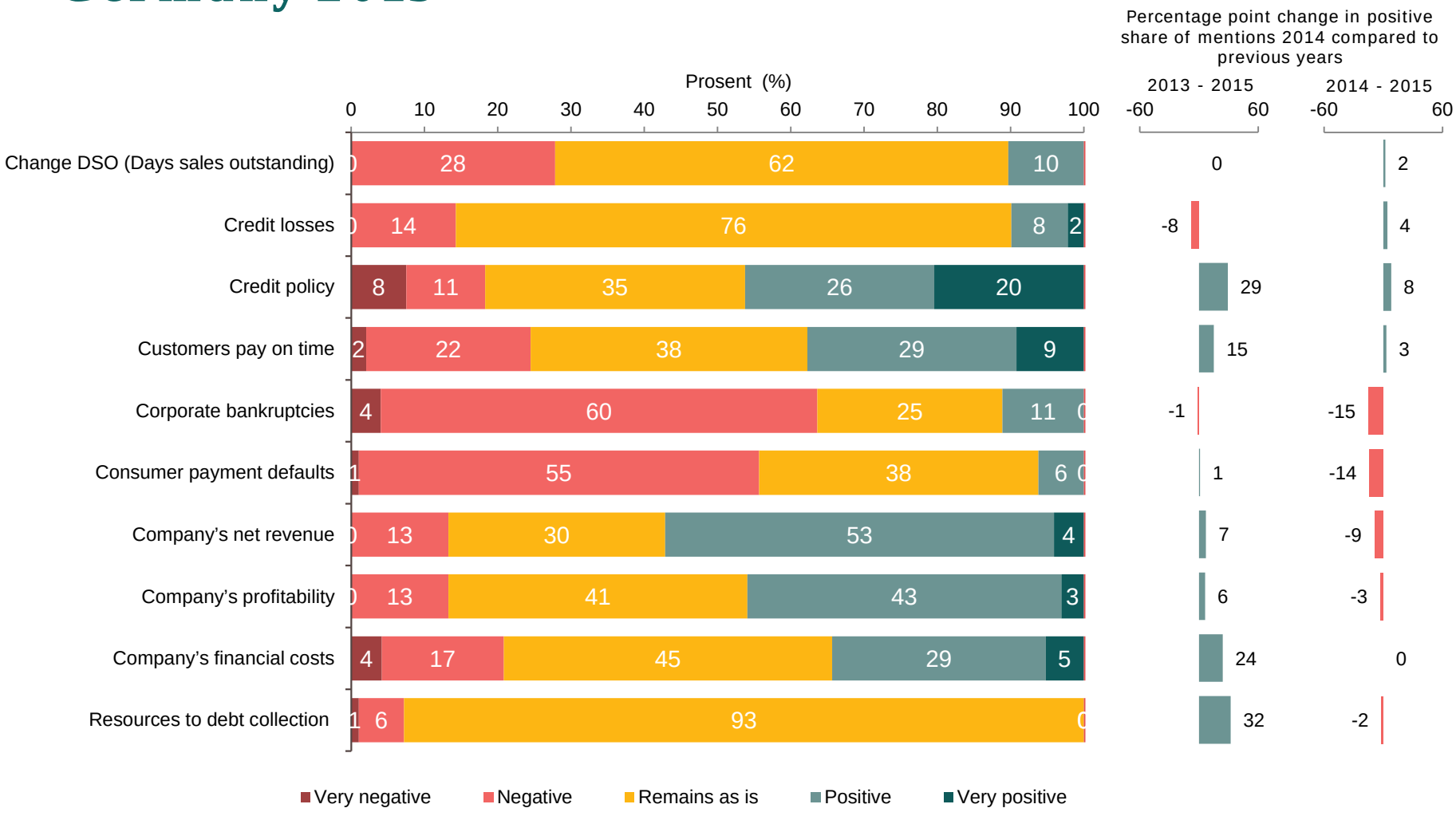


Germany: Belief in their own business, but …

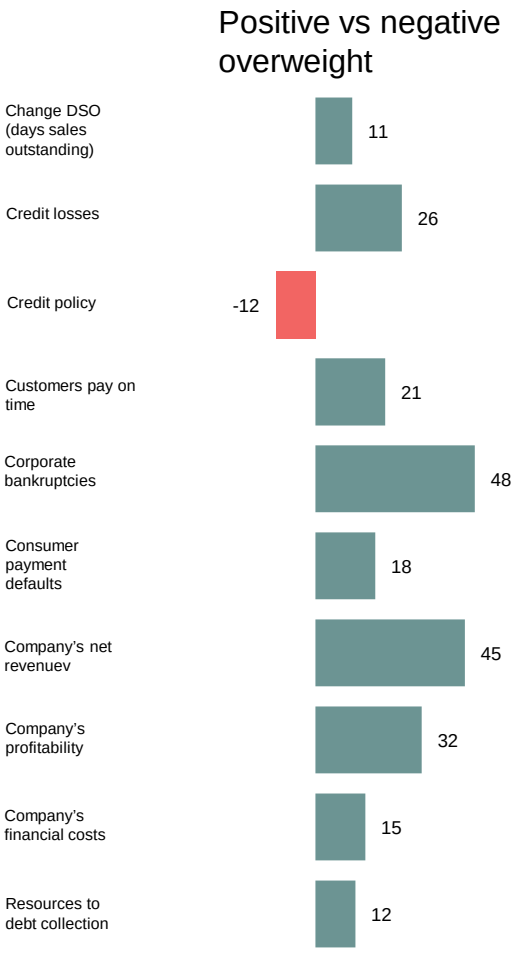


- Expect a worsening of the macro economy:
  - More bankruptcies
  - More defaults among consumers
- Great faith in their own business
  - Expects increased turnover
  - Stronger bottom line
- Expecting looser credit policy

Germany 2015

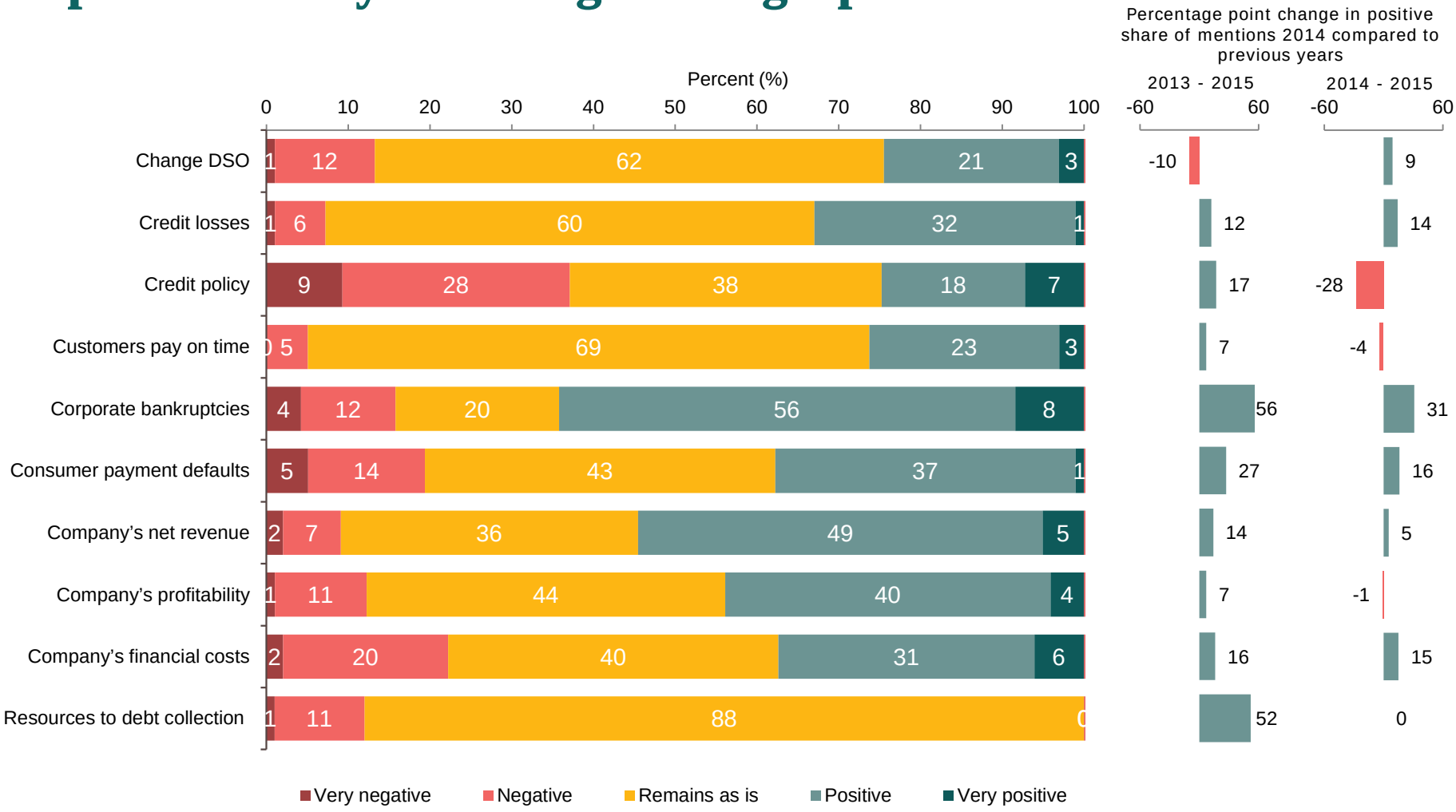


Spain is most positive to 2015



- The country with the most positive expectations for 2015
- Positive expectations in 9 of 10 areas.
- Most importantly:
  - Fewer bankruptcies
  - Less credit
  - Less defaults
  - Turnover growth
  - Improved bottom line
- Expect a further tightening of credit policy

Spain – two years of growing optimism



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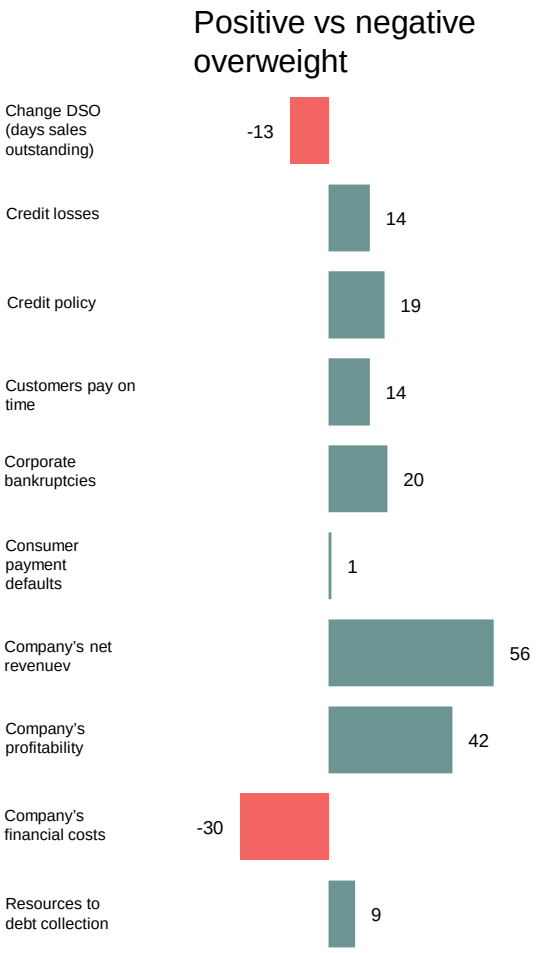
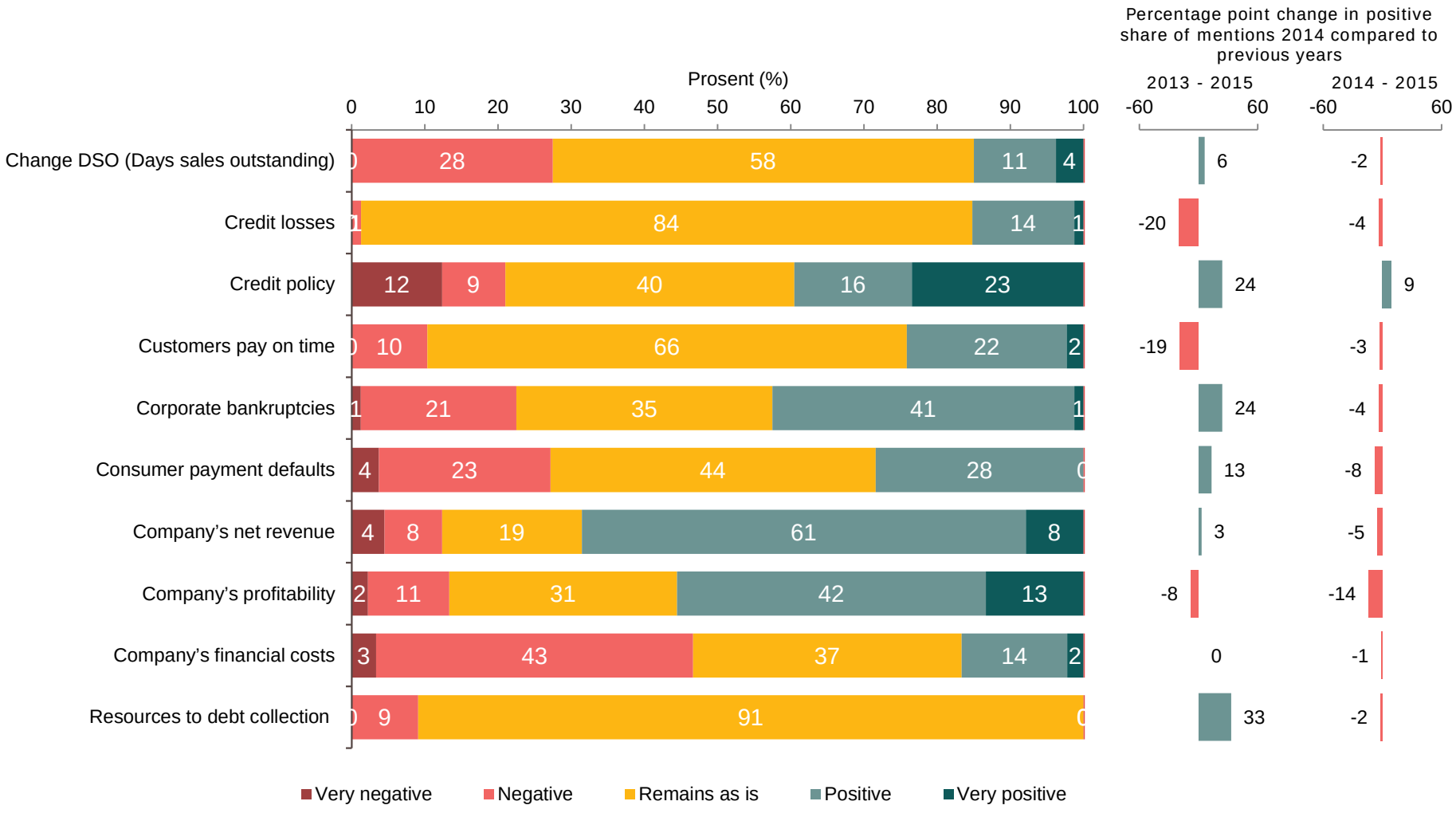
Belief in improvement in the UK

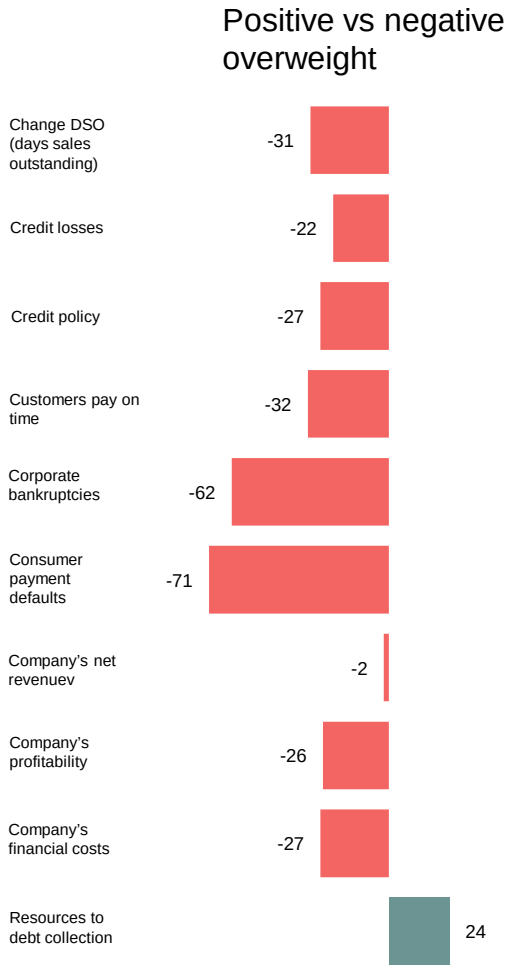


- Positive expectations in most areas.
- The following are the most important:
  - Fewer bankruptcies
  - Looser credit policy
  - Lower credit losses
  - Turnover growth
  - Improved bottom line
- Two negative expectations:
  - Higher financial expenses
  - Longer credit period

UK 2015:

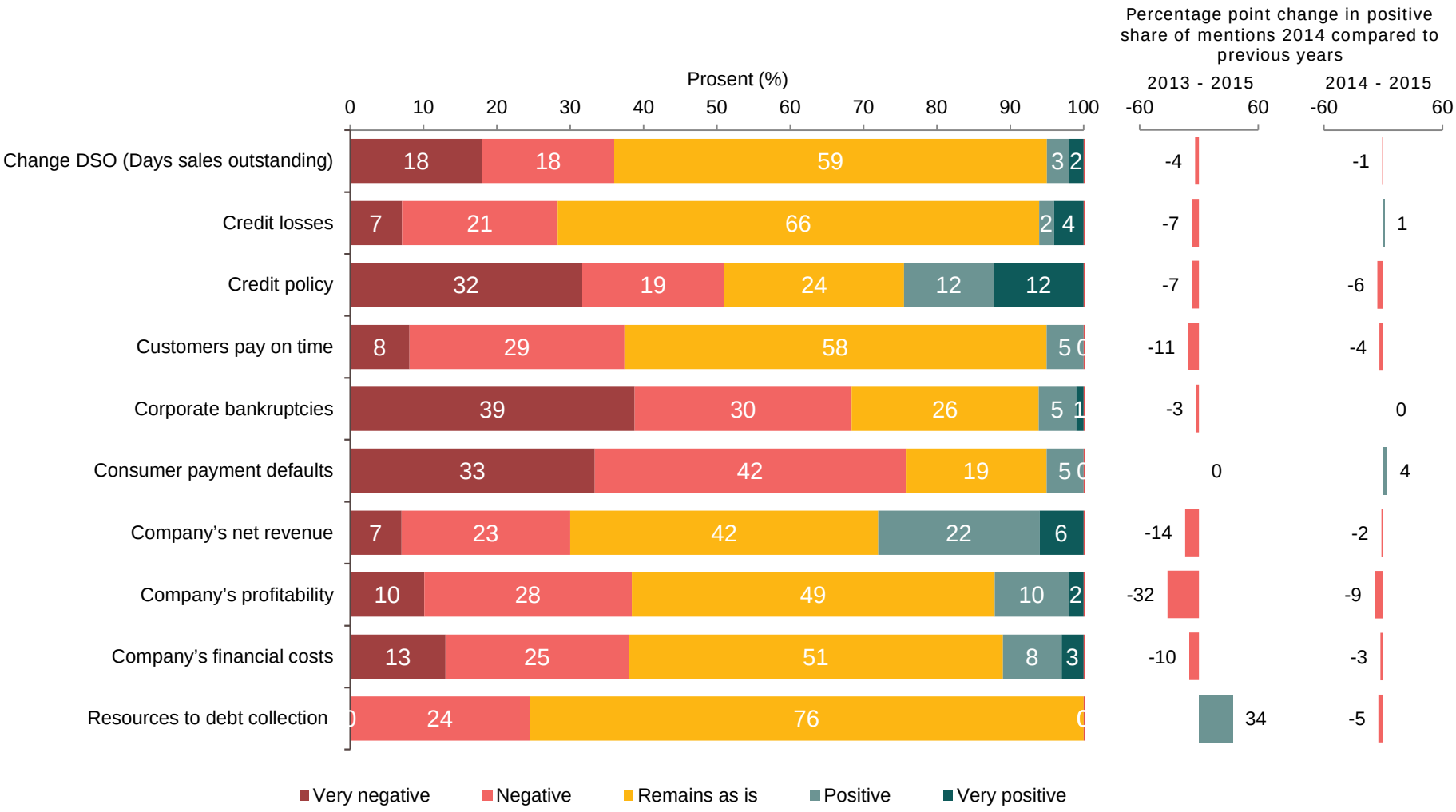

Percentage point change in positive share of mentions 2014 compared to previous years
Prosent (%)
0 10 20 30 40 50 60 70 80 90 100
2013 - 2015
-60 60
2014 - 2015
-60 60
Change DSO (Days sales outstanding)
0 28 58 11 4
6
-2
Credit losses
1 84 14 1
-20
-4
Credit policy
12 9 40 16 23
24
9
Customers pay on time
0 10 66 22 2
-19
-3
Corporate bankruptcies
1 21 35 41 1
24
-4
Consumer payment defaults
4 23 44 28 0
13
-8
Company's net revenue
4 8 19 61 8
3
-5
Company's profitability
2 11 31 42 13
-8
-14
Company's financial costs
3 43 37 14 2
0
-1
Resources to debt collection
0 9 91 0
33
-2
Very negative
Negative
Remains as is
Positive
Very positive

Finance directors in France expect the greatest negative change

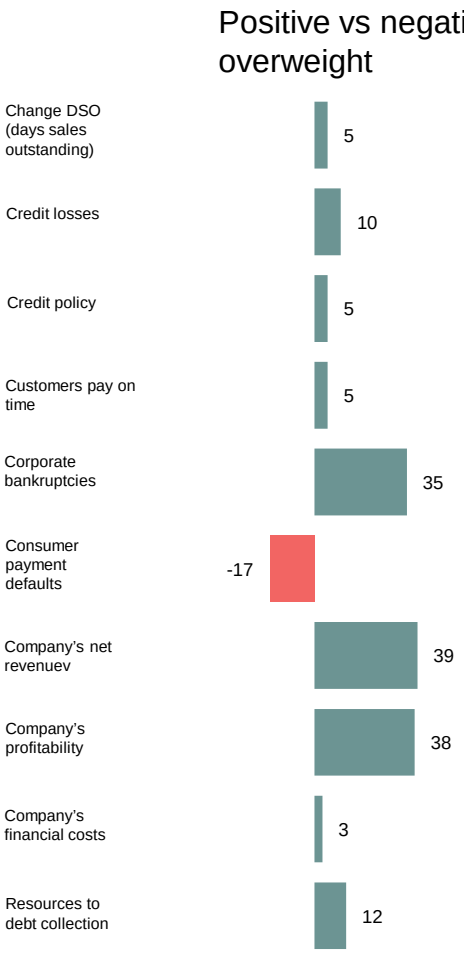


- Negative developments in all categories
- Large majority who expect that the macro will become weaker:
  - More bankruptcies
  - More payment defaults among consumers
- Expectations of more losses for own business
  - Longer credit time
  - More defaults / major credit
  - Tighter credit policy
  - Higher financial expenses
  - Weaker results

And pessimism in France has increased

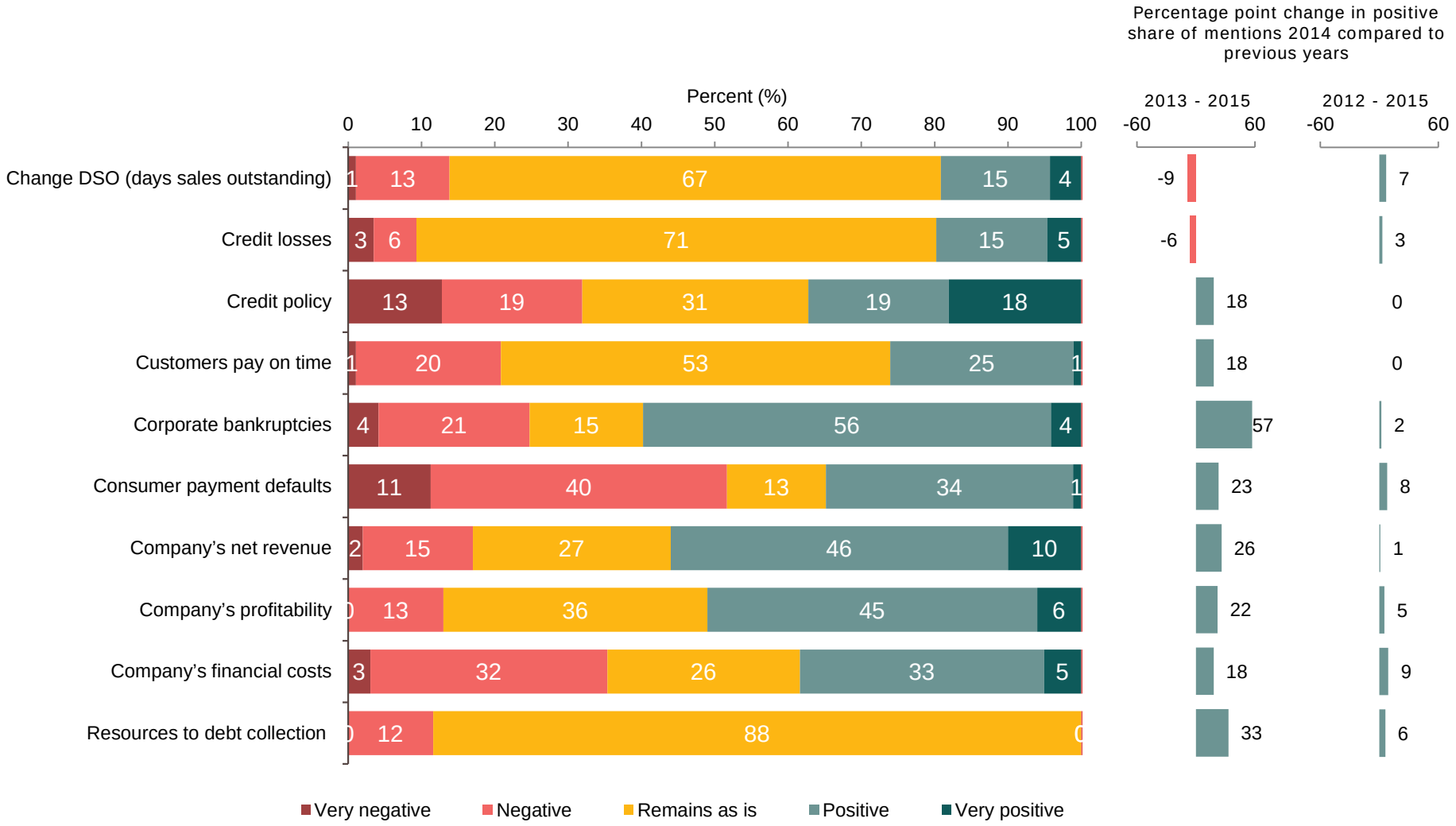


The Nederlands is among the most positive countries



- Positive expectations in most areas.
- But some areas stand out:
  - Fewer bankruptcies
  - Turnover growth
  - Improved bottom line
- They expect at the same time more defaults among consumers
- Will spend more resources on debt collection

Strong improvement in the Netherlands last two years



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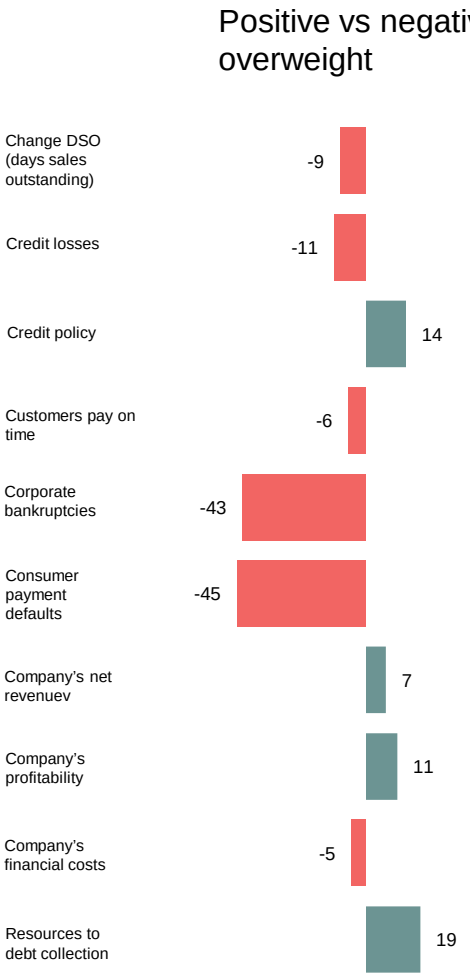
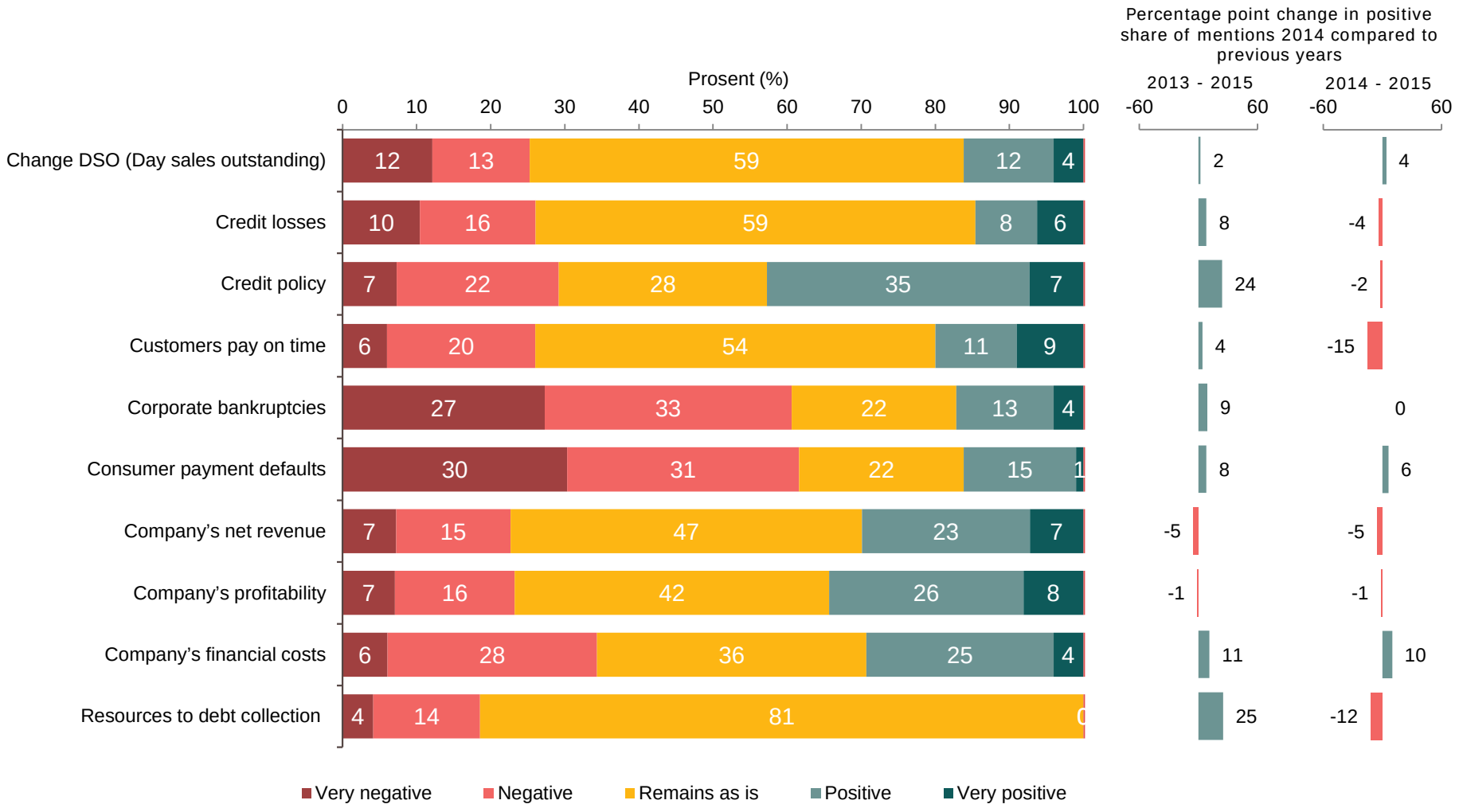
Italy expects the macro gets worse



- Expect a worsening of the macro:
  - More bankruptcies
  - More defaults among consumers
- Are going to slacken on credit policy
- Shared belief in their own business, but a majority expect
  - Turnover growth
  - A stronger bottom line

Italy 2015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Change DSO (Day sales outstanding) 12 13 59 12 4
Credit losses 10 16 59 8 6
Credit policy 7 22 28 35 7
Customers pay on time 6 20 54 11 9
Corporate bankruptcies 27 33 22 13 4
Consumer payment defaults 30 31 22 15 1
Company's net revenue 7 15 47 23 7
Company's profitability 7 16 42 26 8
Company's financial costs 6 28 36 25 4
Resources to debt collection 4 14 81 0
Very negative
Negative
Remains as is
Positive
Very positive
Percentage point change in positive share of mentions 2014 compared to previous years
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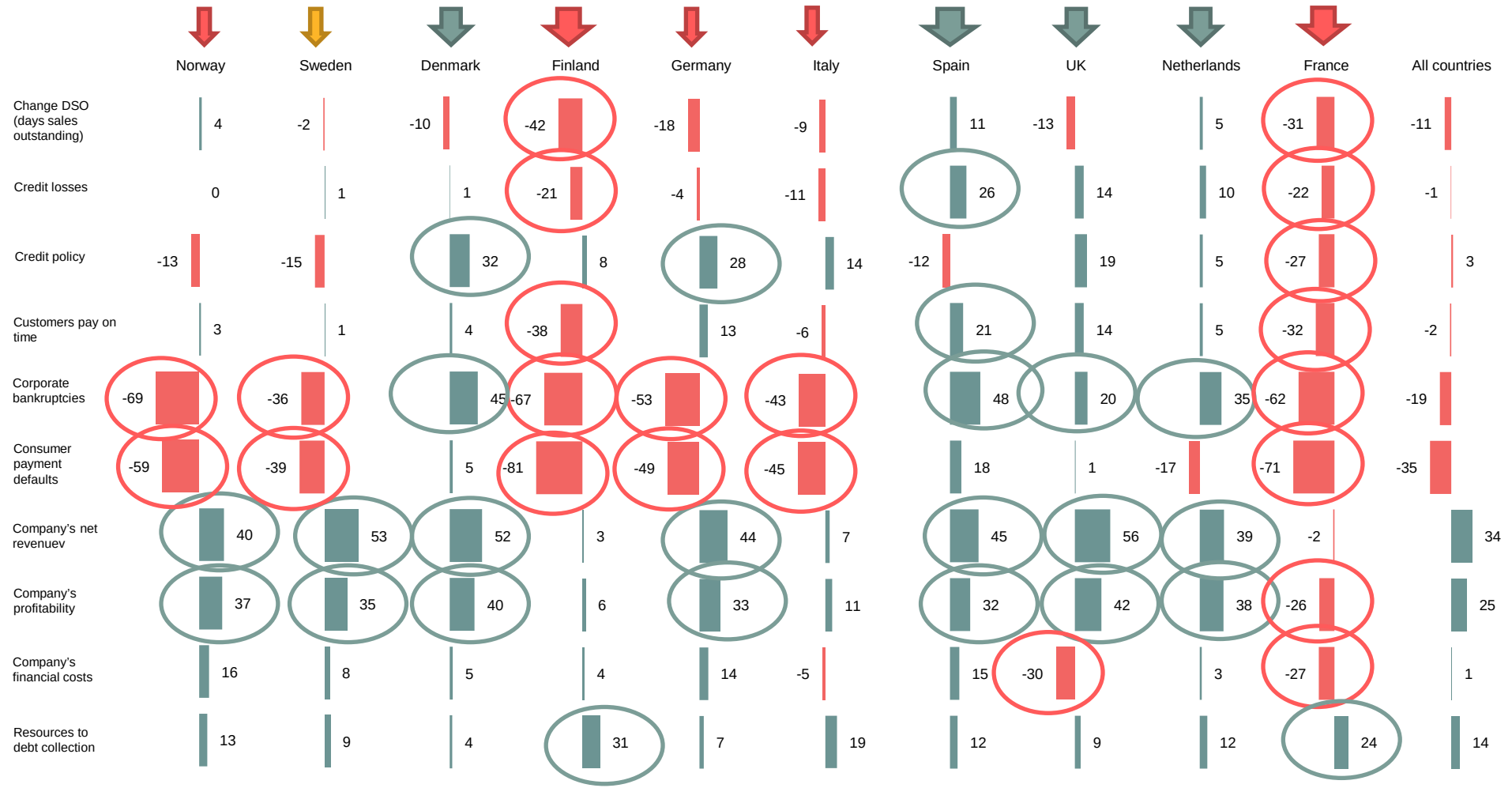
-60 60
2 8 24 4 9 8 -5 -1 11 25
2014 - 2015
-60 60
4 -4 -2 -15 0 6 -5 -1 10 -12

Positive vs negative overweight – all countries



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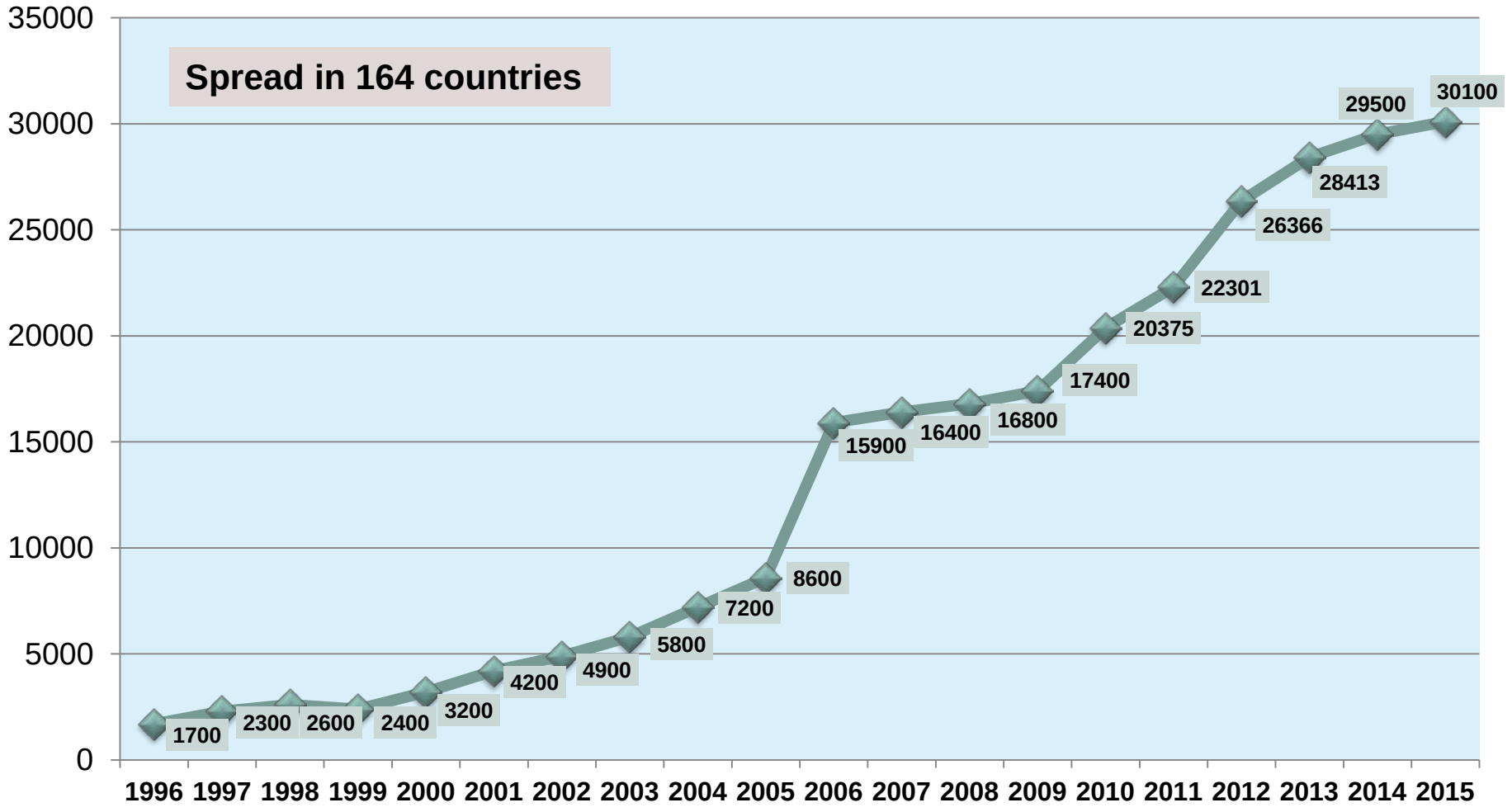
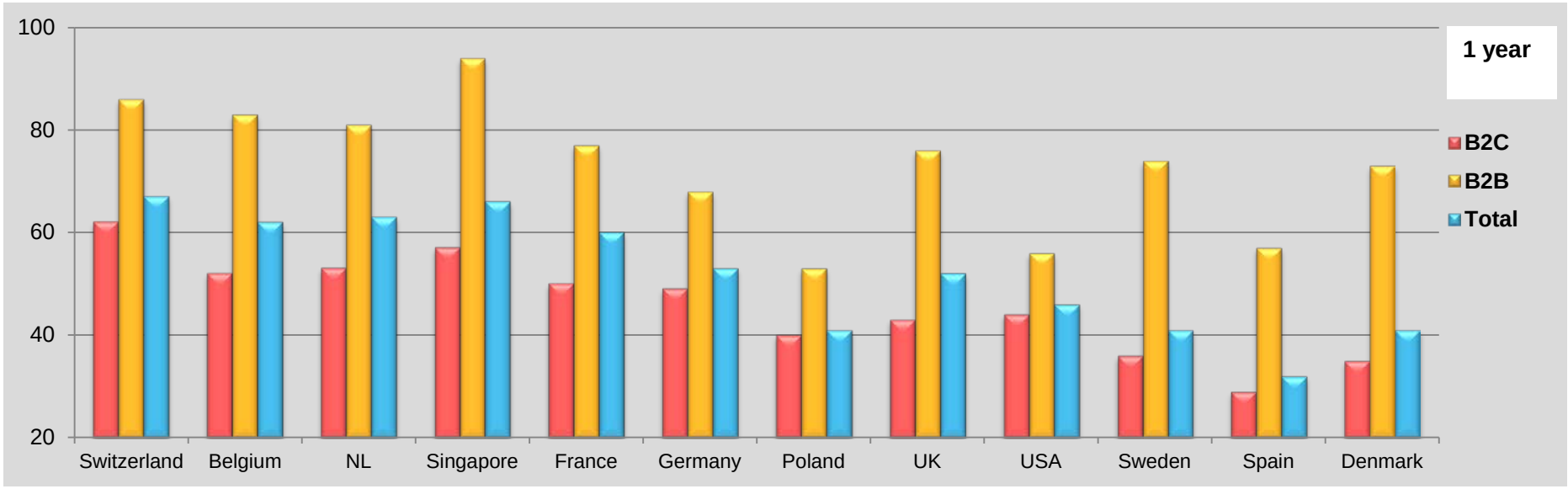
Lindorff International solution rates

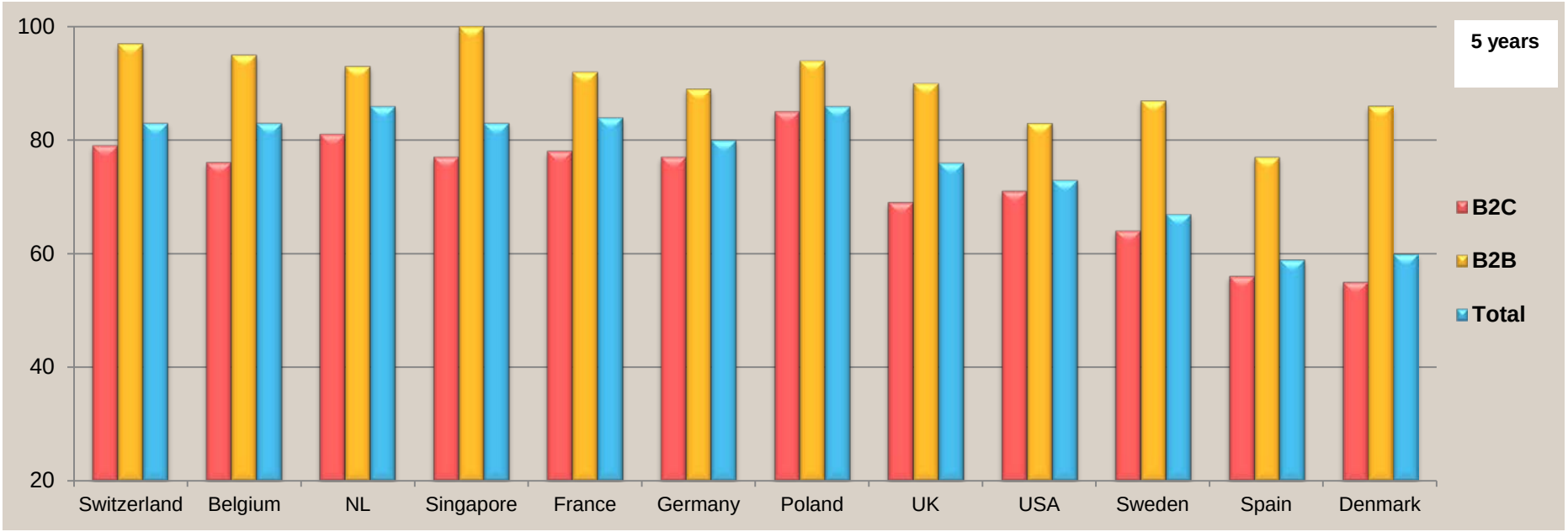
(Norwegian figures)

Developments in number of international files in Norway: (Per 1 March 2015)



International Oslo, Solution rates. (Per. 01.01.2015):





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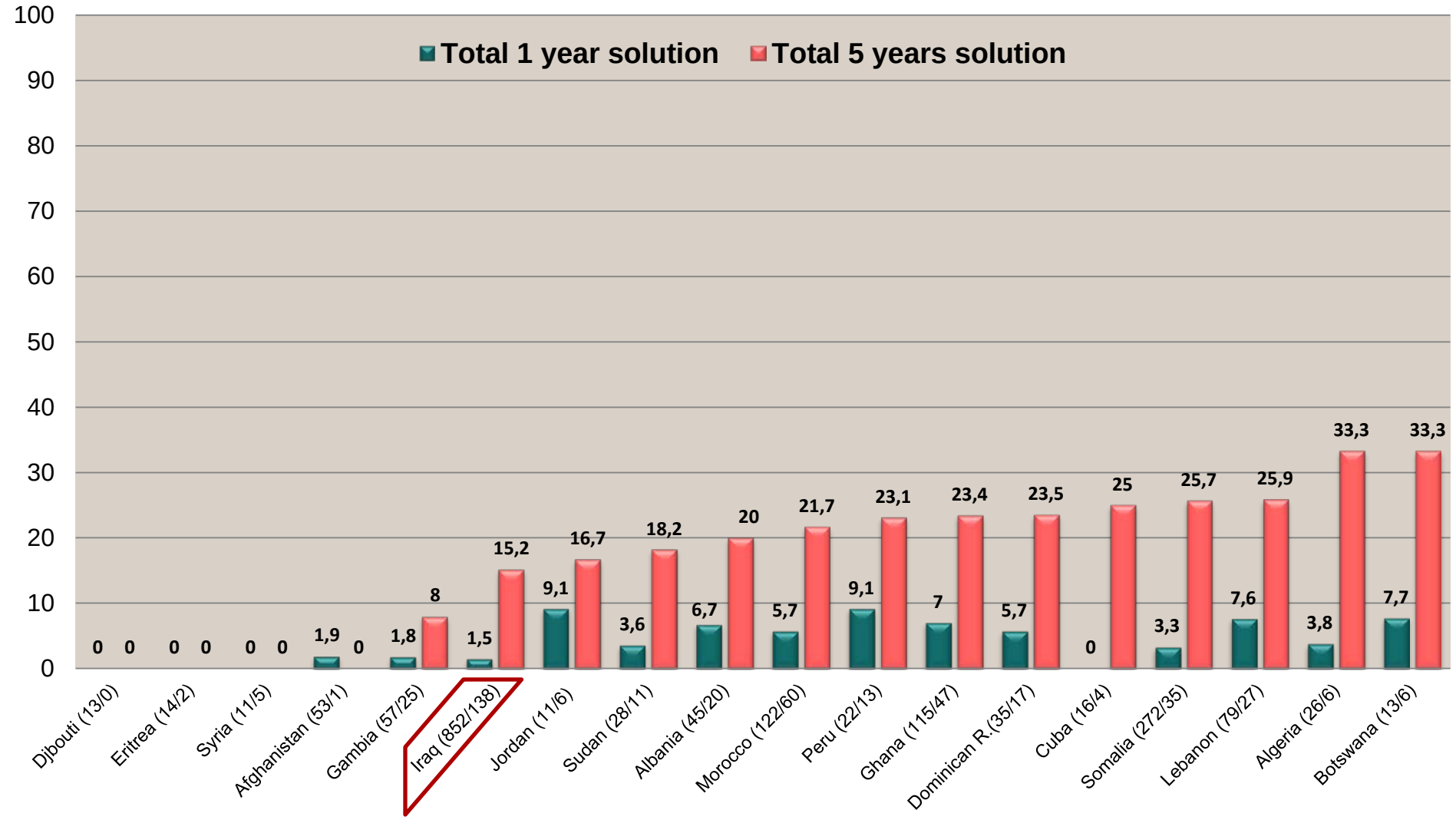
Countries with low solution rates, updated per 1 January 2015:



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(Number of files in parentheses)

World in default - Trends. Countries with the largest change last 3 years (Per 01.01.2015)

Country	Solution rates 07/2011	Solution rates 01 / 2012	Solution rates 07 / 2013	Solution rates 07/2014	Solution rates 01 / 2015	Change last 18 months	Change last 3 years 01/12-01/15.	Trend
Czech Rep.	64,0	62,1	74,7	71,9	77,9	3,2	15,8	
Russia	50,6	53,7	66,4	70,9	68,8	2,4	15,1	
Lithuania	69,6	72,9	82,1	84,9	85,5	3,4	12,6	
Bulgaria	62,2	63,4	68,5	73,4	75,4	6,9	12,0	
Iraq	6,3	8,1	14,6	16,4	15,2	0,6	7,1	
Estonia	65,8	67,4	71,7	73,8	74,3	2,6	6,9	
Ireland	69,0	71,4	71,8	74,4	77,4	5,6	6,0	
Iceland	56,3	57,0	59,7	61,2	62,5	2,8	5,5	
Malta	80	75,9	60,9	55,6	54,7	- 6,2	-21,2	
Brazil	69,7	73,1	64,2	59,6	57,4	- 6,8	-15,7	
Morocco	50,0	33,3	30,0	31,6	21,7	- 8,3	-11,6	
Singapore	86,6	91,3	86,4	87,7	82,8	- 3,6	- 8,5	
Austria	89,3	86,7	81,5	80,5	81,6	0,1	- 5,1	
Portugal	70,6	69,8	73,0	66,9	64,9	- 8,1	- 4,9	
Belgium	85,8	86,4	83,6	83,5	82,8	- 0,8	- 3,6	
Cyprus	75,0	76,9	65,6	71,4	74,2	8,6	- 2,7	
Poland	87,5	88,7	89,9	88,3	86,1	- 3,8	- 2,6	

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References

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Nordea

Our experience with Lindorff's International is that they manage to combine a good solution rate with competitive prices. Presence in many countries is also of great importance for a business as Nordea, with customers in most countries.

Vår erfaring med Lindorff's International er at de greier å kombinere en god løsningsgrad med konkurransedyktige priser. Tilstedeværelse i mange land er også av stor betydning for en bedrift som Nordea, med kunder i de fleste land.

Merete Gaarder, Spesialengasjement PM, Nordea

Nordea

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Advokat Schjødt

Law firm Schjødt is very satisfied with Lindorff International. As a proof of that we don't care to speak with other debt collection suppliers (although they call an mails us frequently). You are also good to see the totality. We can therefore happily stand as a reference.

Advokatfirmaet Schjødt er godt fornøyd med Lindorff International og vi bryr oss derfor ikke om å snakke med andre inkassoleverandører (selv om de ringer og mailer oss ofte). Dere er også flinke til å se helheten. Vi stiller derfor gjerne som referanse.

Svein Olav Lien, CFO / Økonomidirektør, Advokatfirmaet Schjødt AS

SCHJØDT

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Sparebanken Vest

Sparebanken Vest recommends Lindorff International in Norway. A knowledgeable and professional partner through good solutions helps to limit bank losses.

Sparebanken Vest anbefaler Lindorff International i Norge
– en kunnskapsrik og profesjonell samarbeidspartner som gjennom gode løsninger bidrar til å begrense bankens tap.

Bente Tjore, Avdelingsleder Kreditt PM, Sparebanken Vest

SparebankenVest

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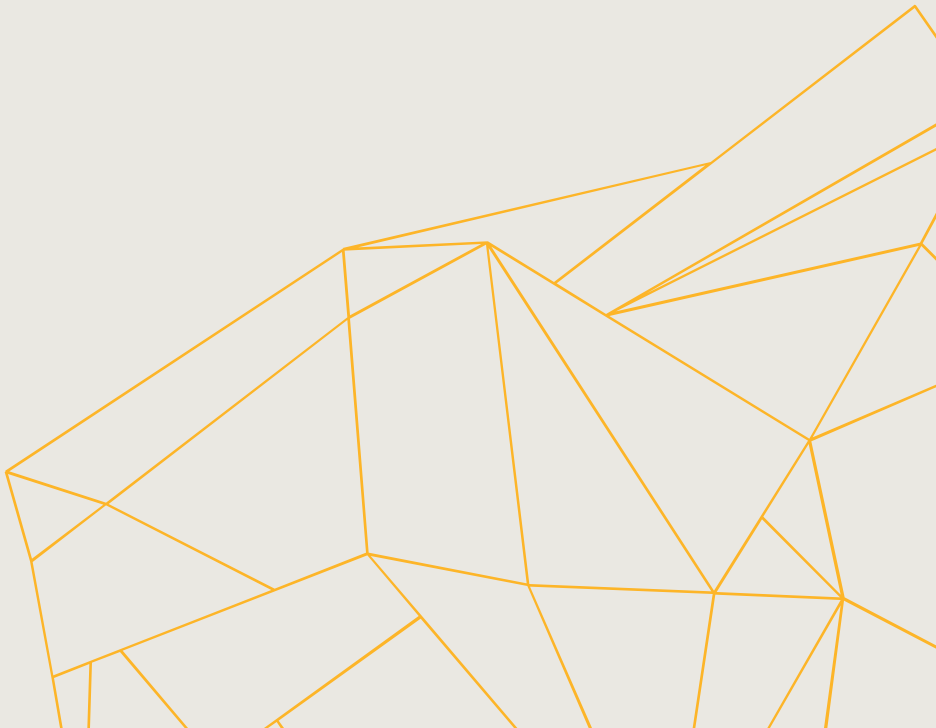
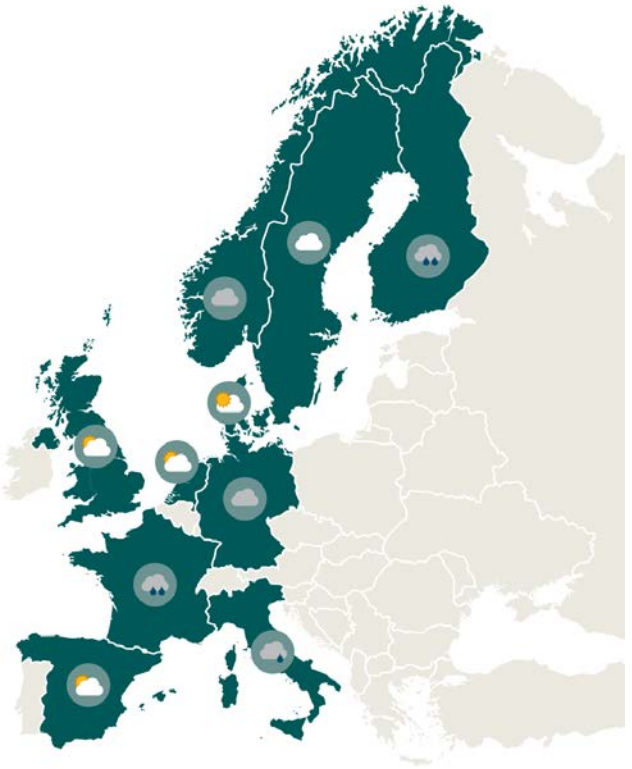
Summary



Summary

- Weak faith in macro in most European countries
  - France and Finland are the most pessimistic regarding developments in 2015
  - Germany and Norway think the macro gets worse
  - Spain, Denmark and the UK have the most positive expectations
- Strong faith in their own business in most countries
  - Many seem to be too positive on their own behalf
- Czech Rep and many other eat European countries has increased solution rates last 3 years
- Malta, Brazil and Morocco have the biggest drop in their solution rates last 3 years



Core values:

- Professional
- Customer oriented
- Performance oriented
- Caring

Thank you for your attention