PRESS RELEASE

Q1-20

Report.

Create the difference

iQera,
create
the difference.

Definitions and Glossary

Attributable Cash EBITDA

Means our Cash EBITDA for a given period after subtracting distributions to co-investors for their participation in our consolidated SPVs.

Attributable ERC

Refers to Gross ERC after taking into account the pro rata share of such collections that will be attributable to co-investors pursuant to contractual arrangements with such co-investors in SPVs.

Attributable Gross Collections

Refers to cash proceeds received from debtors related to debt portfolios that the Company owns or the pro rata share of such proceeds corresponding to its level of ownership in the relevant SPV.

BC Partners

Refers to BC Partners LLP.

Cash EBITDA

Means our total Cash Revenue for the period, after subtracting professional fees and services, personnel costs and committed costs.

Cash Revenue

Means our Gross Collections for a period after adding the revenue generated from our third-party servicing business.

Committed costs

Refers to expenses related to our headquarters (including rent) and IT costs.

Company

Means MCS et Associés SAS, a French société par actions simplifiée having its registered office at 256 bis, rue des Pyrénées, 75020 Paris, France and registered in France under sole identification number 334 537 206 R.C.S. Paris.

FCTs

Means « fonds commun de titrisation », which are investment funds contractually organized under French law for the purposes of holding debt portfolios.

Gross Collections

Refer to the cash proceeds received from debtors related to the debt portfolios that the Group or its SPVs has purchased, before allocation of the pro rata share of Gross Collections attributable to co-investors (if any). Gross Collections are presented prior to factoring any legal fees or other collection activity costs.

Gross ERC

Refers to our estimated remaining collections on our purchased debt portfolios, which represents the expected gross cash proceeds over, as applicable, an 84- or 120-month period from our purchased debt portfolios, assuming no additional purchases are made and on an undiscounted basis before taking into account the pro rata share of such collections that will be attributable to co-investors.

Group, MCS, we, our and us

Collectively, the Issuer and its direct and indirect subsidiaries including the SPVs that are consolidated into the Issuer's consolidated financial statements.

Issuer

Means Louvre Bidco SAS, a French société par actions simplifiée à associé unique having its registered office at 256 bis, rue des Pyrénées 75020 Paris, France and registered in France under sole identification number 829 775 600 R.C.S. Paris.

Non-attributable Gross Collections

Refers to the pro rata share of the cash proceeds received from debtors by the SPVs that are owed to minority co-investors in such SPVs.

Professional fees and services

Refers to external legal and other accessory costs (such as fees paid to bailiffs and notaries) incurred on both a routine and extraordinary basis to support Gross Collections.

SPV

Means special purpose vehicle, and as used herein shall include FCTs.debtors related to the debt portfolios that the Group or its SPVs purchased, before allocation of the pro rata share of Gross Collections attributable to co-investors (if any). Gross Collections are presented prior to factoring any legal fees or other collection activity costs.

The Issuer

The Issuer is Louvre Bidco SAS, a French société par actions simplifiée à associé unique having its registered office at 256 bis, rue des Pyrénées 75020 Paris, France and registered in France under sole identification number 829 775 600 R.C.S. Paris.

On October 18, 2017, Louvre Bidco acquired Promontoria MCS Holding (Promontoria MCS Holding group's parent company).

On October 4, 2018, Promontoria MCS Holding acquired DSO SAS (the parent company of the DSO Group).

In its capacity as an acquisition holding company, Louvre Bidco holds all of the share capital of Promontoria MCS Holding. Louvre Bidco has been the consolidating company for the Group since the fourth quarter of the fiscal year ending December 31, 2017.

All financial information disclosed in this document prior to this date relates to the former Promontoria MCS Holding consolidation perimeter.

Financial Highlights

For the three months ended March 31, 2020

3 months

+11% y/y

Cash revenues reaching

€64M(1)

59%

Debt Servicing in Group Net Revenues (2)

+6% y/y

Attributable Cash EBITDA reaching

€25M(1)

3.4x

Leverage ratio on Attributable Cash EBITDA(3)

LTM Cash revenues March 31, 2020:
€278m

LTM Cash Revenues March 31, 2019:
€238m

LTM Attributable Cash EBITDA
+25%

(1) 2019 figures are *pro forma* including Sistemia, which was acquired in July 2019.

(2) iQera *pro forma* ratio - Q1 2020.

(3) Leverage ratio as of March 31, 2020, including full-year effect savings to be generated in 2021 from our new optimization initiatives (operations transformation are expected to account for approximately €2.7 million and support function plans are expected to account for approximately €0.7 million).

Financial Highlights

For the three months ended March 31, 2020

Business Review

For the three months ended March 31, 2020, the main highlights include:

Revenues

The first quarter of the fiscal year ending December 31, 2020 was marked by robust revenues and new businesses onboarding despite initial effects related to COVID-19 associated slowing of business.

In our Debt Purchasing activity, year-to-date collections increased by 29%, from €28.7 million during the three months ended March 31, 2019 to €37.0 million during the first three months ended March 31, 2019. This good performance was primarily driven by Backbook performance that exceeded our ERC assumptions by 7%.

In parallel, our Debt Servicing activity was resilient, generating €27.1 million of revenues, a decline of 6% as compared to the period ended March 31, 2019, for which revenues were €28.9 million. In France, Debt Servicing revenues decreased by €1.9 million, from €19.7 million for the three months ended March 31, 2019 to €17.8 million for the three months ended March 31, 2020, as activities were impacted by both (i) the continued slowdown of some of our run-off contracts and (ii) the initial impacts of COVID-19 on our revenues beginning in March. In the meantime, teams security precautions and teleworking were successfully deployed in order to maintain support to our customers. In Italy, Debt Servicing revenues increased by €0.2 million, from €9.1 million for the three months ended March 31, 2019 to €9.3 million for the three months ended March 31, 2020, and were impacted by the initial impacts of COVID-19, which were partially offset by a large new contract with a leading bank we onboarded beginning in February. Despite an overall slowdown due to COVID-19, results in our Debt Servicing activity remained strong and we expect the onboarding of this new contract to continue delivering in the coming months.

The group's revenues profile remains well balanced, with 59% of the Group's revenues for the first quarter of the 2020 fiscal year being derived from our Debt Servicing activity, which is a recurring and capital light segment of our business.

Market Dynamics

Although we expect that we will continue to experience significant effects linked to the COVID-19 situation and related uncertainty, certain factors lead us to believe that our market will overall benefit from certain positive dynamics and that market opportunities will continue to exist during the fiscal year ended December 31, 2020.
In our Debt Purchasing activity, we attained a significant level of acquisitions, reaching €20.9 million for the three months ended March 31, 2020, which is 13% million above the level of acquisitions for the three months ended March 31, 2019, which allows us to maintain a similar ERC level despite the high level of collections during the period.
In our Debt Servicing activity in Italy, in February, we onboarded a significant new contract, that we believe will represent several million euros of revenues on a full-year basis. Beyond short term macro uncertainty, we believe that this new contract will allow us to reinforce our presence in Italy and to continue towards our goal of becoming a reference partner in this market.
While caution should prevail on short term, in both of our activities, our pipeline is gaining momentum and we expect the second half of 2020 to bring healthy and diversified activity opportunities, which we hope to pursue without departing from our disciplined approach to resource allocation.
More generally, we believe that the current situation's recessionary characteristics and related credit pressure will be conducive to generating additional opportunities in both of our activities.

Leverage and liquidity

During the quarter ended March 31, 2020, we continued to operate with moderate leverage levels and increased liquidity. As of March 31, 2020, our leverage ratio remained within previous guidance of 2.5 - 3.5x. During the quarter, we drew our €44 million under our RCF in order to prepare for COVID-19 related challenges. Consequently, our current treasury increased to €79 million, excluding restricted cash as of March 31, 2020 (as compared with €42.6 million as of December 31, 2019).

In addition, we are finalizing discussions to take out a GGL (Government Guaranteed Loan) to ensure that COVID-19 will not hinder our investment capacities in quarters to come.

Significant risks and uncertainties

Our risks are described in more detail under the heading "Risk Factors" in the offering memorandum dated September 18, 2018 related to the issuance of our Senior Secured Floating Rate Notes due 2024 and were updated in our 2019 Annual Report.
The Group's risks include, among other things, strategic risks related to economic development and acquisitions, regulatory changes, possible errors and omissions and financial risks such as market risk, funding risk and credit risk inherent to a debt purchasing business, as well as counterparty risk for our third-party servicing business.

Disclaimer

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We do not accept any responsibility for any violation by any person of such legal restrictions under any applicable jurisdictions.

This quarterly report may include financial information and/or operating data and/or market information regarding our business, assets and liabilities and the markets in which we are active. Unless indicated otherwise, such financial information may not have been audited, reviewed or verified by any independent accounting firm and/or such operating information is based on management estimates or on reports prepared by third parties which we have not independently verified.

Certain financial data included in this quarterly report consists of "non-IFRS financial measures". These non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included herein.

This quarterly report contains various forward-looking statements. All statements other than statements of historical fact included in this quarterly report are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, industry and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements.

Disclaimer

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.
All information in this quarterly report is provided as of the date of this quarterly report, are subject to change without notice and we assume no responsibility to update the information included in this quarterly report.

The information contained in this quarterly report is not for publication, release or distribution. This quarterly report should not form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This quarterly report does not constitute a recommendation regarding our securities. The quarterly report has not been prepared and is not being distributed in the context of an offering of financial securities in any jurisdiction. This quarterly report is not an offer for securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended, or in any other jurisdiction absent compliance with the securities laws of such jurisdiction. Any public offering of securities to be made in the United States or elsewhere would be made by means of a prospectus to be obtained from the issuer or selling security holder and that would contain detailed information about us, as well as financial statements. There is no intention to conduct a public offering of the securities in the United States or to register the offering with the United States Securities Exchange Commission.

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