9M 2020 Earnings Presentation

November 12, 2020

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Today´s Presenters

Enrique Dancausa

CEO

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Agenda

1 9M & Q3´20- Key Highlights

1. Transaction Volumes of €1,599.2MM in 9M'20 (€3,050.0MM LTM) driving revenues to €126.5MM (€221.1MM LTM) and Adjusted EBITDA to €36.0MM (€71.2MM LTM). Strong EBITDA margin in the quarter (35%)

2. €651.9MM total volumes in Q3´20. Excluding large portfolios in both periods, reduction of -26% vs Q3´19. Slight recovery activity in Q3´20 vs Q2´20 (Q2 completely impacted by the lock-down measures) mainly due to higher commercial activity in REOs and REO Co activity

3. Solid free cash flow generation of €46.5MM in 9M'20 (€47.0MM LTM) maintaining a strong cash conversion >100%. Cash position of €93.6MM as of September 30th 2020

4. Uncertain macro context. Further potential lock-down measures in Spain could impact Q4´20 performance. October already below internal expectations

5. Continue to be focused on the COVID-19 contingency plan to mitigate top-line impact expected in FY 2020

2. Business and COVID-19 Update

2 Debt Servicing Business Update

Debt Servicing Business

Debt Recovery (REDs)

- **Continue the lower activity in REDs cash collections volumes** as a result of:
  - **Uncertainty** around the evolution of the pandemic situation
  - **Lack of financing** for buyers
  - **Portfolios** and large "single name" transactions are **not expected** in 2020. **Potential** portfolios sales **in H2´21 if Banks feel more pressure** to speed up the recovery curve on NPAs **as a result of the new NPL inflow** that is expected to be generated by the COVID-19 crisis
- **Moratoriums,** expected to finish **in Q2-Q3´21.** However it will **depend on** the **regulation** and **decisions** from **Central Banks and the Governments**
- The **impact of the crisis** on our clients and Haya **will be more clear** once the **moratoriums are finished**. Nonetheless, the COVID-19 crisis **will imply a different type of NPA** than previous financial crisis in Spain (2008): **more residential mortgages & SMEs** vs real estate developer loans

REO Conversion

- **Courts** continue **open** with some restrictions**, recovering the activity and with a good outlook for Q4´20 in amicable solutions**, however it will **depend** on the **evolution of the pandemic**

Amicable Solutions	• **Continue the activity** with face to face meetings, visits etc.. • Recovery **in DILs** and **friendly repossessions** expected to continue a **good trend in Q4´20**
Litigation Process	• As announced, **Q4´20 will not be a strong quarter** due to **delays in auctions** in Q2´20 which **will push transactions** to close in **2021**

Performance in **Q4´20 and Q1´21** will continue depending on **timing of moratoriums and the regulatory pressure** for banks to **divest of NPAs**
If further lock-downs and economic deterioration, REDs will be **impacted significantly as well as REO Co** that will depend on **the Courts' activity**

2 Real Estate Business Update

REOs Business

Residential Assets

- Continue to see a **sustained commercial activity maintaining the pipeline during Q3´20** due to new leads
- However, the **conversion** from pipeline into sales is **slower,** impacted by:
  - **Delays** in **formalizing** offers
  - **Lack/delays** of **financing**
  - **Uncertainty** around the **macro situation**
- Yet to be seen a clear **impact on prices,** but **negative trend** is **expected in 2021** due to the outlook in residential market
- We **don't expect** any significant **portfolio** sales in **2020** (usually concentrated in the fourth quarter of the year)

Land & WIP assets

- As announced, the **proposals** received **pre-COVID** are either **cancelled** or have been **postponed**
- Some **partial recovery indicators** seen. The **new pipeline** and **activity have started to recover in Q3´20** which implies**:**
  - **Different type of buyer:** small buyer vs large ones
  - Demand for a **granular product, lands<€500K**
  - **Insignificant activity in transactions** with the main **developer companies** in Spain
- Continue the **lack of financing.** The **transactions** closed **are financed** through **alternative sources** of financing
- The **trend** is expected to **continue** during **remainder of 2020** and **Q1´21**

Commercial Assets

- **Most impacted by COVID-19** as a result of the situation of **SMEs** (closing of commercial shops and lower business activity)
- Continue the **negative outlook. Very low new origination and demand as a consequence of** the **lack of interest** from the buyers to acquire these assets due to the **uncertainty** of the evolution of the pandemic
- A **higher supply** is expected as a result of businesses closing and **potential change** in consumer habits
- The **transactions closed** are assets located in **premium zones**

Activity in **Q4´20 and Q1´21** will **depend on** the evolution of the **pandemic** and the **macro** situation in **Spain.**
If further lock-down measures are implemented, **the trend could be worse than expected**

2 Spanish Banking Sector Overview

2008-2019
Spanish Banking Sector Reorganization

Due to the **2008 financial crisis** which affected the **Spanish banking sector,** many banks had to merge, resulting in **12 banks** **(vs ~60 Banks + Savings Banks)**

BBVA, Santander, CaixaBank, iberCaja, Sabadell, Bankia, Unicaja, bankinter, kutxabank, ABANCA, Liberbank, cajamar

2020
Potential Sector Consolidation

Banks merged agreed: CaixaBank, Bankia

Potential merger ?: Liberbank, Unicaja Banco

Potential merger ?: BBVA, Sabadell, kutxabank, ABANCA, iberCaja, bankinter

2021+
New Banking Sector

How many Banks will result after the potential mergers?

?

The banking consolidation could force the Servicers consolidation

2

Spanish Banking Sector – Implications for Haya

Potential Consolidation in the banking sector

Potential Opportunities

Existing clients

- **Consolidate our position in the merged entities** and extension of services due to:
  - **Strong** historical **track record** and performance
  - **Knowledge** of the portfolio
- **Proven track record in renewal of our existing contracts**

New potential Clients

- In the mid term **potential new clients** and portfolios in the market to offer our services:
  - **New portfolios** and business as a result of bank consolidation
  - **Increase in NPA volumes** due to the **COVID-19** effect
- Our **main strengths:**
  - Leading **multiclient independent servicer** with large **experience** in managing portfolios
  - Proven **track record in servicing sector**
  - Unique **platform** with **strong client focus** and diversified **service** offering covering the **entire value chain** of NPLs and REOs. Strong **know-how** capabilities
  - Scalable and **independent technology platform**

Continue "as is"

- **Maintenance of current contracts** until the end of their contract term and **look for renewal in the future**

Potential Threats

Existing clients

Risk

- **Cancellation of contracts**

Main Risk Mitigations

- The contracts include a **compensation fee** if the contract is cancelled before the maturity
- Strong **relationship** and **good historical performance**
- **Knowledge** of the portfolio
- **Independence of Haya** from any financial institution

3. Financial Review

3 Key Financial Highlights – 9M´20

Assets Under Management Sept.30 ´20
€32,977MM

Transaction Volumes 9M´20
€1,599.2MM
LTM €3,050.0MM

RED Volumes 9M´20
€288.3MM
LTM €547.6MM

REO Co Volumes 9M´20
€464.8MM
LTM €816.8MM

REO Volumes 9M´20
€846.1MM
LTM €1,685.6MM

Revenues
€126.5MM
LTM €221.1MM
Avg. Volume serv. fee 3.51%
Avg. Mgmt. fee 0.20%

Adjusted EBITDA[1]
€36.0MM
LTM €71.2MM
EBITDA margin 28%
LTM EBITDA margin 32%

Free Cash Flow[2]
€46.5MM
LTM €47.0MM
Cash conversion 129%
LTM Cash conversion 66%

Net Debt
€386.8MM
Leverage ratio 5.4x

(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €6.4MM of non recurring costs (restructuring labour process cost); (2) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital

3 Key Financial Highlights – Focus on Q3´20

Transaction Volumes Q3´20

€651.9MM

RED Volumes Q3´20

€185.3MM

RED volumes include **€109MM NPL sold in Bankia**

REO Co Volumes Q3´20

€184.3MM

REO Volumes Q3´20

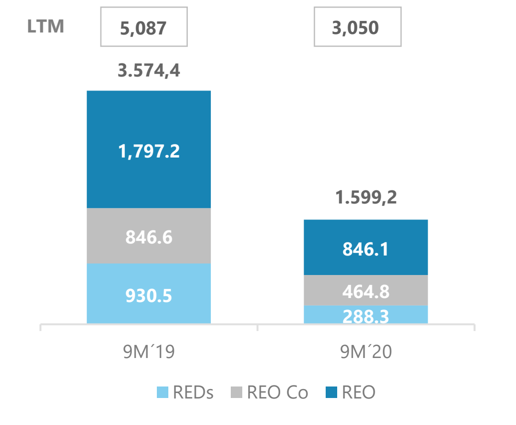
€282.4MM

Revenues	Adjusted EBITDA[1]	Free Cash Flow[2]
€43.1MM	€15.3MM	€5.1MM
Avg. Volume serv. fee 3.35%	EBITDA margin 35%	Cash conversion 33%

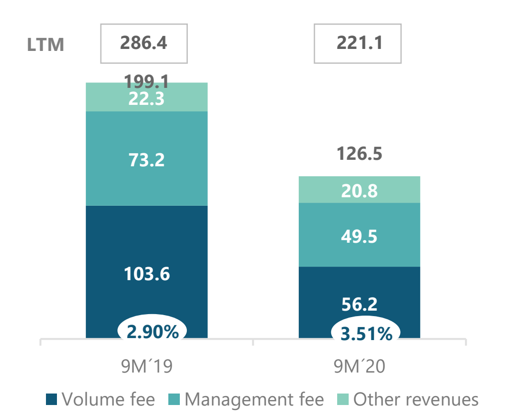
(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A; (2) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital

3 Transaction Volumes and Revenues Performance

Transaction Volumes (€MM)



Revenues (€MM)



REDs Volumes

- **Volumes comparison impacted** by the large **portfolio** (€496MM) sold in July´19 and €109MM NPL portfolio sold in Q3´20 in Bankia. Excluding these effects, REDs activity has decreased as a result of **lower recoveries** due to **COVID-19** situation and **Sareb's reduced scope** in new contract and **strategy focused on REO Conversion.**

REO Co Volumes

- **Lower recoveries mainly in Sareb** due to **litigation process** management (foreclosures), which have been **excluded in the new contract**
- Decrease in volumes also mainly **impacted** by the **COVID-19 situation. Slight recovery** since May´20 when the Courts were opened again

REO Volumes

- Volumes comparison **impacted by the large portfolio** (€656MM) sold in Bankia in July´19, excluding this effect:
  - Performance **impacted by COVID-19 across all clients,** which has been partially **offset by** a **positive contribution** from new portfolios
  - **Slight recovery in Q3´20 vs Q2´20** in most clients due to the general improvement of the COVID situation

% volume servicing fee increase to 3.51% vs 2.90% in Q3´19 (Q3'19 **impacted by** the large portfolio sales of NPLs and REOs)

Management fee decreases due to the **new Sareb contract** and the natural evolution of the perimeters; partially **offset by contribution from new portfolios**

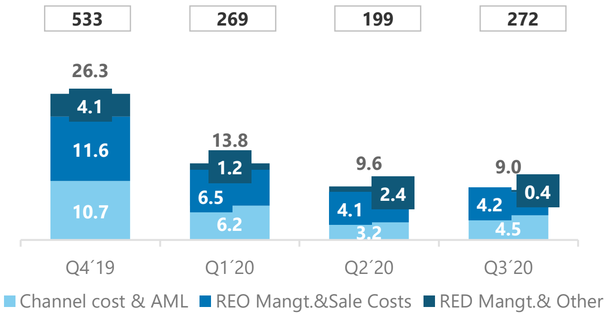
Other revenues remains stable as a result of good performance in **ancillary services** offered to our clients which **partially offset lower onboarding** fees and the activity in the **Advisory division**

3 Focus on Costs

Operating Expenses

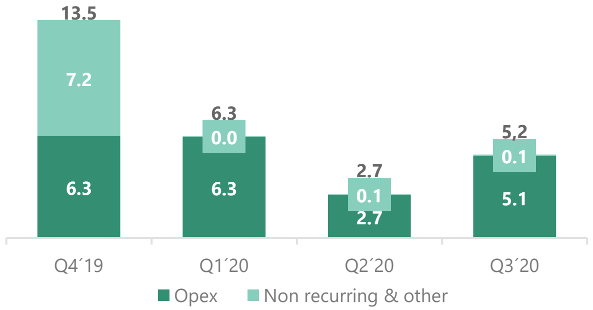
Direct Cost (€MM)

Main Driver: REO volumes, ex portfolios



- **Higher channel cost** as a result of **higher REO volumes ex portfolios** (+€73MM vs Q2´20).
- **Lower RED management (litigation costs).** Q2'20 impacted by a settlement related to litigation services carried out under former Sareb contract

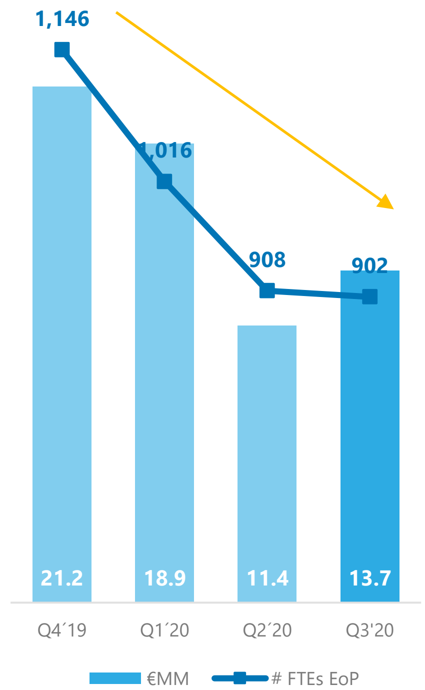
Opex (€MM)



- **Cost reduction measures** implemented as part of **COVID-19 contingency plan**
- **Increase in opex** Q-o-Q. **Q2´20 impacted** by certain **provision reversals** after renegotiation of certain costs (IT and professional services)

Personnel Cost[1]

Evolution (€MM)



- **Personnel cost decrease since Q4'19** due to:
  - **Restructuring process** completed in April'20
  - **Voluntary returns** of some employees to former employer
  - **Natural rotation**, voluntary leaves
- **Q3'20 cost in line with** announced **run rate** of **~€4.5MM/month** (€14MM/quarter) - **average personnel fixed cost**
- **Q2´20 impacted by elimination of accrual of variable compensation** for H1´20 due to COVID-19 situation

(1) Personnel cost in Q1´20 excludes €6.4MM of non recurring costs (restructuring labour process cost)

3 Free Cash Flow and Net Debt

Free Cash Flow of €47MM LTM, with cash conversion of 66% ending September´20 with a strong liquidity position of €93.6MM

Free Cash Flow[1]

Highlights

- **FCF of €46.5MM in 9M'20 (€47.0MM LTM) continuing** with an exceptional **cash conversion of 129% (66% LTM)**
- **Strong collections** during the year, **reducing** accounts **receivables** by **€62MM** since Dec´19, resulting in a **positive working capital** of **+€22MM in 9M´20**
- **Significant reduction** in receivables **from Sareb former contract.**

(€ MM)	LTM 9M´19	LTM 9M´20
Adjusted EBITDA[2]	**114.3**	**71.2**
Capital expenditures	-12.5	-16.4
Change in working capital	3.8	-7.8
Free Cash Flow[1]	**105.6**	**47.0**
Cash conversion	***92%***	***66%***

Cash & Net Debt Position

Highlights

- **Strong liquidity position of €93.6MM** at Sept.30, 2020**. No short-term liquidity needs**
- **RCF** partial **repayment of €10.5MM** in **May´20,** maintaining amount **drawn of €3.9MM**
- **Leverage ratio** of **5.4x** at the end of September ´20. **Expected to increase** above this as a result of reduction in R. EBITDA Q4'20 vs Q4'19

(€ MM)	FY 2019	9M´20
Total gross debt	**471.5**	**480.4**
Cash on Balance Sheet	64.3	93.6
Total net debt	**407.2**	**386.8**
Adjusted EBITDA LTM[2]	**105.7**	**71.2**
Leverage Ratio	**3.8x**	**5.4x**

(1) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital. (2) Adjusted EBITDA LTM is the sum of GAAP operating profit plus D&A, adding back €8.2MM of non recurring costs (€6.4MM restructuring cost in 2020 and €1.8MM of M&A expenses in 2019)

4. Conclusion

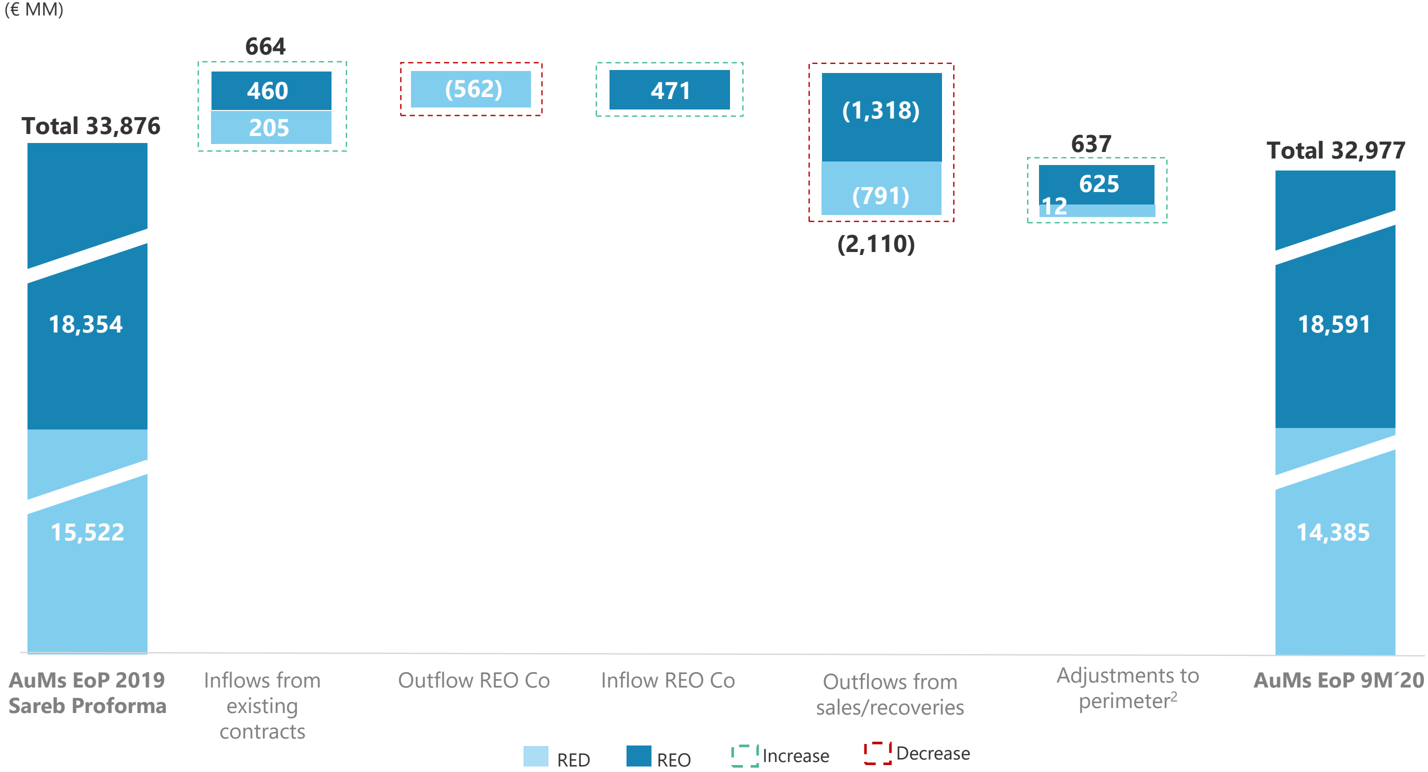
4 Conclusion

	Business Performance	Contingency Plan
Q1´20	• Due to the seasonality of the business, usually most of the **activity is concentrated at the end of March** which was impacted by the beginning of **COVID-19 crisis**	• **Contingency plan** established (cost reduction measures) • **Liquidity preservation**: **€89MM** cash position (€14.4MM RCF drawn in March´20)
Q2´20	• **Performance significantly affected** by the pandemic **decreasing 48% vs Q2´19** due to the lock-down period March-May´20	• **Efforts to reduce structural costs** to mitigate partially the top line impact • **Strong cash position €91MM** (€10.5MM RCF was repaid in May´20)
Q3´20	• **Slight recovery signals in Q3´20** with a **reduction of -26%** in volumes vs Q3´19 (excluding large portfolio sales in both periods)	• **Cost reduction measures** put in place partially offsetting decrease in revenues, maintaining **EBITDA margins at 35% in the quarter** • Continue with a **significant cash position** of **€94MM**
Q4´20	• **Uncertain macro context. Further potential lock-down** measures in Spain **could impact Q4´20 performance.** October already below internal expectations, mostly in REDs and REOCO. • **Potential reduction** in volumes vs **Q4'19 of 30-40% due to** impact of **portfolio sales** in Q4'19 not expected this year	• Focus on maintaining **sustainable business margins for 2021** • Continue to **focus on collections** and cash management.

5. Annex

5 Assets Under Management

Asset under Management evolution (GBV[1])



(1) BBVA, Divarian and Apple perimeters included at Appraisal Value; (2) Adjustment mainly in Sareb´s new contract final perimeter

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