FY 2019 Earnings Presentation

March 31th, 2020

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Agenda

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02 **Financial Review**

03 **Business Review**

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1

FY 2019 - Key Highlights

1. Strong financial results in the year: record transaction volumes of €5.0BN (+€231MM vs 2018), revenues of €293.6MM (7% increase y/o/y), driving Adjusted EBITDA to €105.7MM. Free cash flow generation of €71.3MM (cash conversion of 67%).

2. Assets under management increased by 4% (+€1.4BN) in 2019 up to €41.1BN mainly due to the new contracts inflows from Divarian (former BBVA REO portfolio) and Apple (JVCo Cerberus/Santander) portfolios.

3. Sareb renewal achieved, after a very competitive process. Haya will be the first servicer to carry out the transition to Sareb´s new business model, giving us a competitive advantage in the future.

4. Divarian HR and business integration (345 employees) successfully completed in 2019, with full IT migration being finalized in April 2020. Strong focus on speeding up the commercial ramp up of both contracts.

5. A new Transformation Plan was launched in late 2019 to continue with the efforts in cost savings and cost culture, as well as to develop further business opportunities.

6. COVID19 brings a period of uncertainty in Spain, significantly impacting the real estate and debt servicing business.

2. Financial Review

2 Key Financial Highlights – 2019

Assets Under Management Dec.´19

€41,099MM

€33,876MM Proforma (new Sareb)

Transaction Volumes 2019

€5,025.3MM

RED Volumes 2019

€1,189.8MM

REO Co. Volumes 2019

€1,198.6MM

REO Volumes 2019

€2,636.9MM

Revenues

€293.6MM

Avg. Volume serv. fee 3.08%
Avg. Mgmt. fee 0.24%

Adjusted EBITDA[1]

€105.7MM

EBITDA margin 36%

Free Cash Flow[2]

€71.3MM

Cash conversion 67%

Net Debt

€407.2MM

Leverage ratio 3.8x

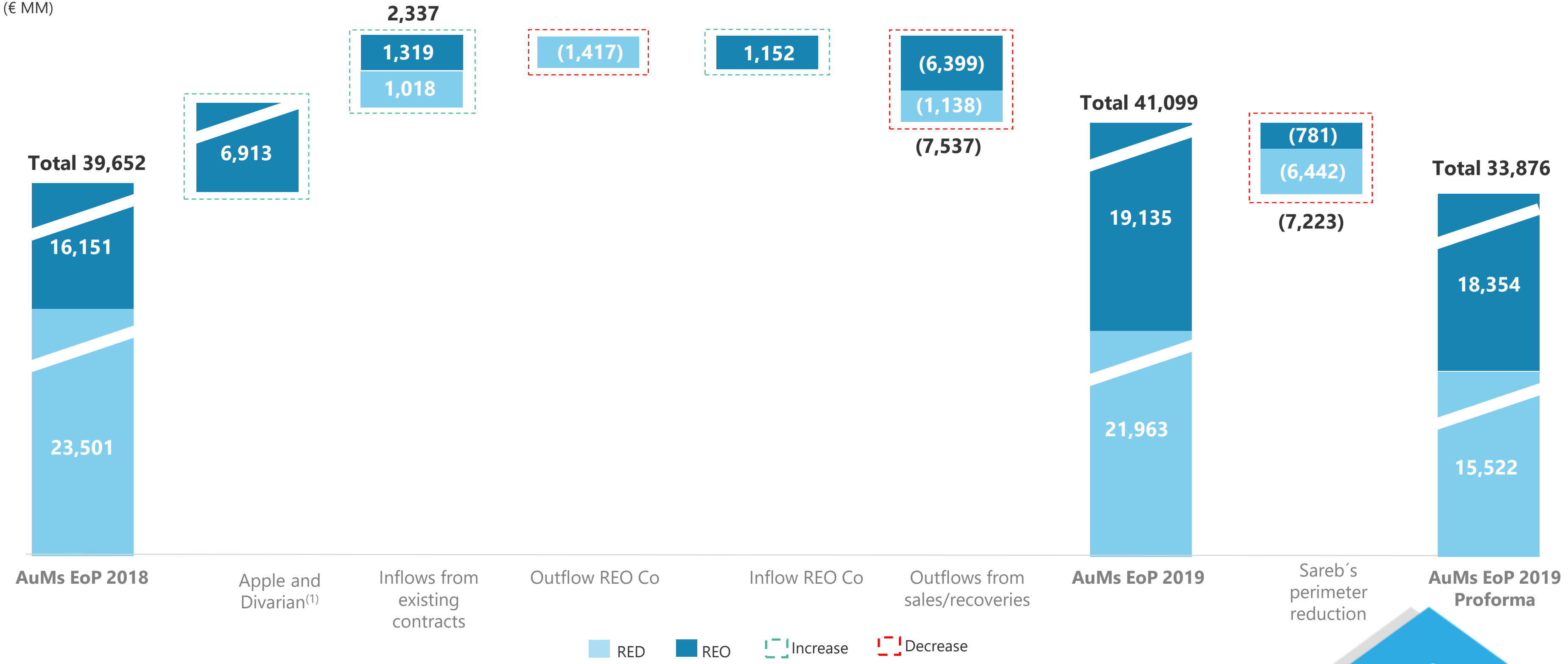
(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €6.0MM of non recurring costs (mainly M&A related expenses); (2) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital

2 Assets Under Management

AuMs increased by €1.4BN compared to December 2018 mainly due to the Divarian and Apple contribution and the inflows from existing contracts; partially offset by the natural evolution of the perimeter and the large portfolio sold by Bankia in July´19

Asset under Management evolution (GBV[1])

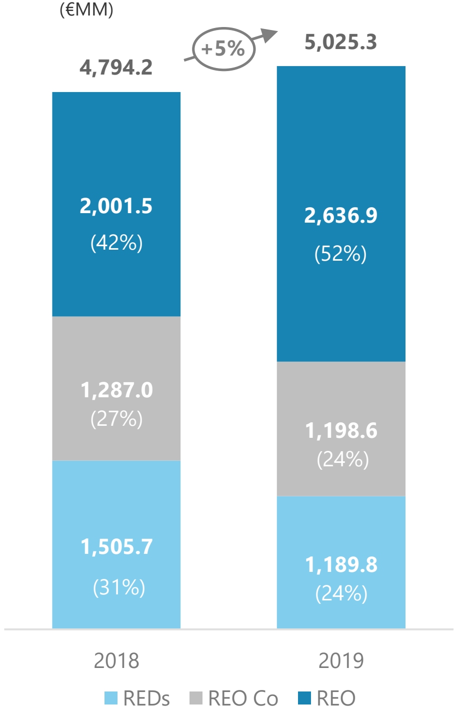
(€ MM)



(1) BBVA, Divarian and Appel perimeters included at Appraisal Value

2 Transaction Volumes

Transaction volumes comparison



(%) of total

REDs Transaction Volumes

€1,189.8MM

- **Strong performance in Bankia due to large portfolios sold in 2019.** Portfolio fee is earned for such portfolios due to protection mechanisms established in the contract
- **Lower** recoveries in **Sareb** impacted by Sareb's **new business strategy published in April ´19.** Strong focus on margins and on converting loans to REOs have reduced loan recoveries y/o/y
- **Lower activity in Cajamar** vs 2018 due to large portfolio sold in Q2´18 of +€200MM
- **Increased contribution from** Cerberus portfolios mainly due to the new contract awarded in Q4´18

REO Conversion Transaction Volumes

€1,198.6MM

- REO Conversion impacted by **lower activity in foreclosures in Sareb** as majority of loans were litigated in late 2017 and 2018. Partially offset by **a strong performance in DILs and Bankruptcies**, in line with new strategy of conversion.
- **Volumes in Cajamar have been impacted** as a result of **lower DILs** closed in 2019.
- **New business line has been established to boost DILs** and offer other ancillary services to our clients

REOs Transaction Volumes

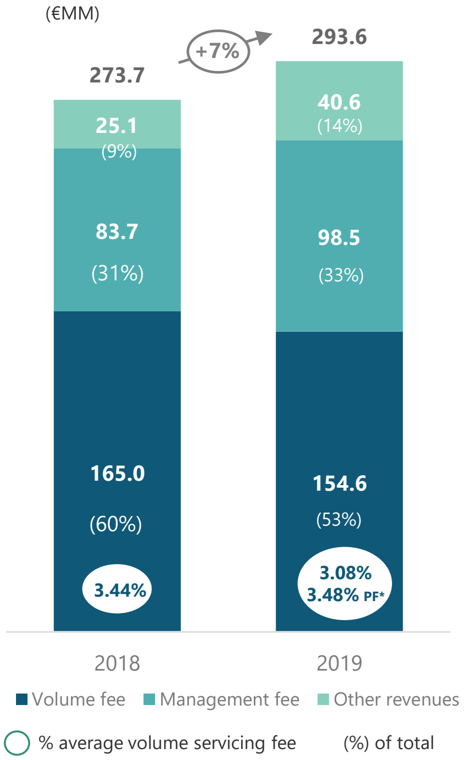
€2,636.9MM

- **Strong performance in Bankia** due to very large portfolio sold in July´19 (aprox. 30% of AuM in GBV terms).
- **Divarian** and **Apple have contributed >€300MM** with no corresponding impact in 2018. **Still in commercial ramp up**, with strong pick up in Q4´19
- **Good performance in BBVA during the year (+€100MM) compared with Q4´18**
- **Lower activity in Cajamar and Liberbank** due to portfolio sales executed in 2018 (+€200MM)

2 Revenues

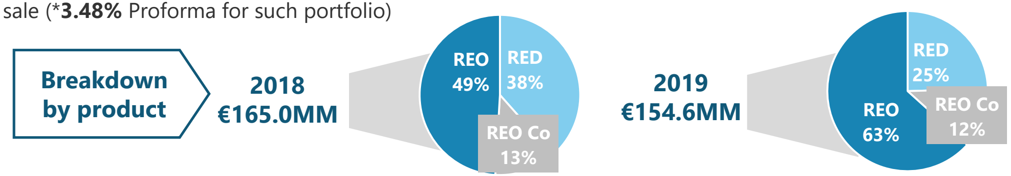
Revenues increased by 7% (+€20MM) driven by higher management fee and other revenues (Divarian, BBVA and Apple contribution)

Revenues Comparison



Volume fee

- Volume fee **decreased by 6%** mainly due to :
  - Decrease in **REDs volume fee** impacted by the **lower activity in Sareb**, as well as **lower Cajamar** fees comparatively due to a large portfolio sold in 2018; **partially offset by the REDs portfolios** sold by Bankia during the year and the contribution from small institutional investor portfolios
  - Slight **decrease in REO Co** fees due to lower **Cajamar** performance
  - **Increase in REOs volume fee** due to the **good performance in Bankia** and the contribution of **Apple, Divarian and BBVA contracts**
  - The **average volume servicing fee** as % of volumes was **3.08%** impacted mainly by the large Bankia portfolio sale (***3.48%** Proforma for such portfolio)



Management fee

- **Management fee increased by 18% (+€15MM)** mainly due to the **contribution of new contracts** (BBVA, Divarian, Apple) and Liberbank which have offset the natural decline in Sareb and Cajamar.

Other Revenues

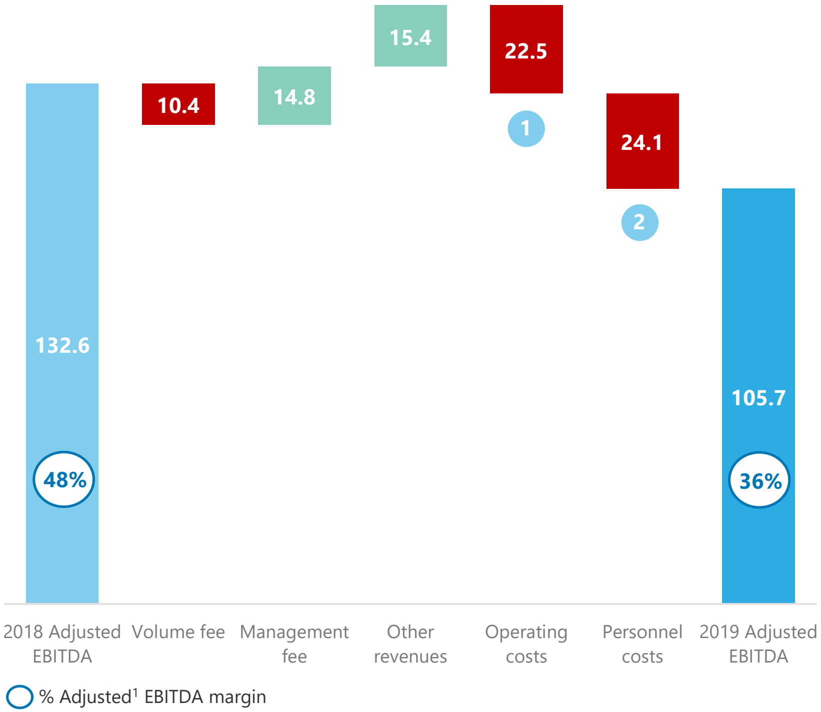
- Other revenues **increased by 62% (+€15MM)** due to: (i) **contribution** from **BBVA, Apple and Divarian**, (ii) **success fees** due to the strong performance in volumes vs budget, and (iii) an **increase** in **ancillary services** related to **Real Estate Asset Management (REAM),** mainly in Bankia and Sareb. **New business initiative** to act as a **central REO maintenance agency launched,** with a corresponding increase in operating costs.

2 Adjusted EBITDA bridge

Adjusted EBITDA has been impacted by an increase in operating and personnel costs mainly due to the strong performance in REOs and the Divarian integration; partially offset by an increase in management fee and other revenues contribution from the new portfolios

Adjusted[1] EBITDA LTM Bridge

(€MM)



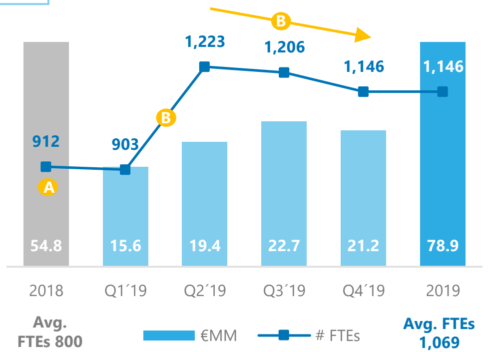
1 Operating costs impacted by:

- Increase in direct costs due to:
  - **Higher channel costs** due to the **strong performance in REO** volume
  - **Higher REO management costs**, due to new business initiatives mentioned (corresponding **increase in "other revenues"**)
  - **Higher direct costs related to Divarian and BBVA due to its full contribution in 2019**
- **Higher marketing costs, IT opex** and **general expenses** due mainly to the new portfolios under management (Divarian, BBVA and Apple)
- **Excluding Divarian costs in 2019**, we have **achieved an Opex reduction vs 2018** due to lower IT opex, professional services, marketing and general expenses, having overachieved our original Cost Reduction Plan target established in 2019

2 Personnel costs impacted by:

A **The new servicing contracts awarded and corporate functions reinforced at the end of 2018** have increased number of FTEs and the annualized cost in 2019. Excluding Divarian effect, a **net FTEs reduction** has been achieved and the **personnel cost would have increased €7MM vs €24MM**

B **Divarian integration of 345 FTEs** starting June 1, 2019. Approx. 22% have already exercised their right to return to BBVA.



(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €6.0MM of non recurring expenses (M&A expenses) in 2019

2 2019 Cost Reduction Plan - Results

1 **Plan Definition**

- **Reduction of cost structure** through detailed cost analysis, **cost control** and **cutting measures** and **new policies** aimed at involving all employees of the Company in the cost reduction initiative
- **We established a plan in January 2019** for identifying quick wins (Vertical Lines) and another plan for the long term (Horizontal Lines), now covered under the New Transformation Plan.
- The **plan has been monitored weekly** with the different areas involved in Haya and has also been **presented** periodically **to the Board of Directors**

2 **Main measures included in the Plan**

Operational costs (Direct Costs & Opex)

- New fees agreed with REO brokers, leveraging higher AuM
- Leverage market position and increased volumes to improve pricing with other suppliers
- Analyze concentration of suppliers for a more efficient management
- Strict control over all G&A related expenses (travel, consultancy and other professional services, etc.) with strict approval policies
- Implement tools to improve productivity across the organization.
- Make or Buy analysis on certain processes

Personnel Cost

- Review of Organization structure, after new contract wins, to leverage existing capabilities as much as possible
- Reorganization of processes, where needed, to improve efficiency

IT Capex

- Detailed review of all capex initiatives, ensuring they bring value to the business

3 **Savings achieved**

	Target´19	FY 2019
Operational costs (Direct Costs & Opex)	-€4MM	-€6MM
Personnel Cost	-€1MM	-€4MM
IT Capex	€13MM	€10MM

€10MM Savings in P&L vs €5MM established as target in the Plan

2 2019 Net loss

Condensed P&L

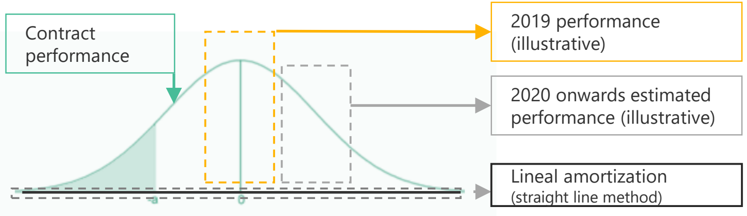
(€MM)

	FY 2018	FY 2019
Revenues	273.7	293.6
Operating expenses	-92.2	-114.9
Personnel cost	-54.8	-78.9
Depreciation and amortisation charge	-106.7	-103.9
Impairtment and gains or losses on disposals of non-current assets	0.0	-23.9 (1)
Profit (loss) from operations	**20.0**	**-28.1**
Finance income	5.2	5.2
Finance expense	-27.9	-27.8
Profit (loss) before tax	**-2.7**	**-50.7**
Income tax benefit	2.2	13.3
Profit (loss) for the period	**-0.4**	**-37.4** (2)

1 Bankia contract

- In 2019, **Bankia sold a very large portfolio** comprised by a **significant portion of the assets managed by Haya** (aprox. 30% measured in GBV) as well as a **portfolio of non-performing loans**, for which we have earned corresponding **portfolio fees > €20MM**
- The **accelerated recoveries** under such contract, which is **amortized under the straight line method**, have forced to evaluate the recoverability of the net book value associated to this contract at year-end
- We have performed an **impairment test** calculating the value in use of the asset according to the cash-generating unit's **discounted cash-flows methodology** in line with the **remaining term** of the contract and have registered a **non-cash impairment charge of €23.9MM (a " catch up" amortization)**

Illustrative Example



2 Net loss for the period

- Such **impairment** is **not deductible** for tax purposes, thereby creating a book/tax **temporary difference** and a large **income tax benefit**.
- **Net finance expense** linked to existing **HY bond**

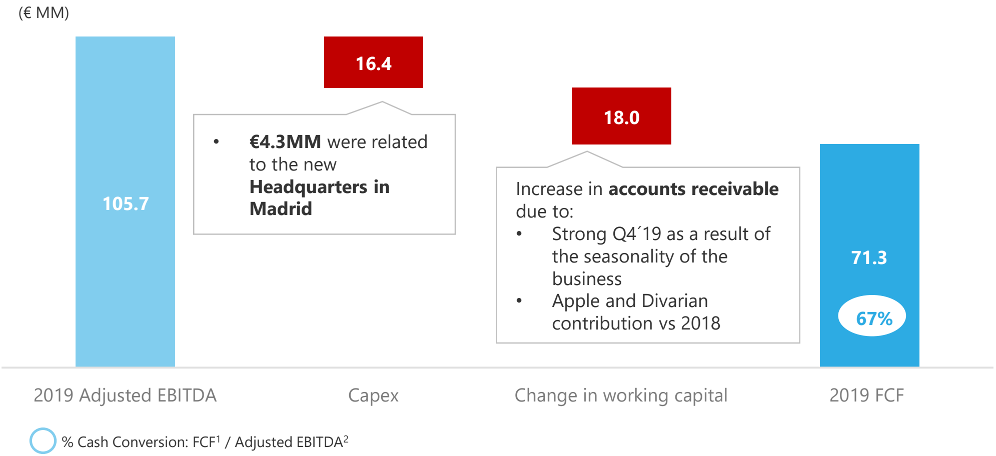
2 Free Cash Flow and Net Debt

Free Cash Flow of €71MM with strong cash conversion of 67%. Strong focus on collections in Q1´20 driving a significant cash position at end of March

Free Cash Flow[1]

Highlights

	FY 2018	FY 2019
Adjusted EBITDA[2]	132.6	105.7
Capital expenditures paid	-12.0	-16.4
Change in working capital	2.0	-18.0
Free Cash Flow	**122.6**	**71.3**
Cash conversion	***92%***	***67%***



Net Debt Position

Highlights

- **Leverage ratio** of **3.8x** at end of Dec.´19
- Strong **focus on preserving our liquidity position**, as a result of:
  - Strong cash position of **€64.3MM as of Dec.´19**
  - **Disbursement of €14.4MM** of the RCF in March'20 due to COVID-19 uncertainty
  - **Significant FCF** generated in **Q1´20**

(€ MM)

	FY 2018	FY 2019
Total gross debt	469.2	471.5
Cash on Balance Sheet	21.0	64.3
Total net debt	448.2	407.2
Adjusted EBITDA LTM[2]	132.6	105.7
Leverage Ratio	3.4x	3.8x

(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 €6.0MM of non recurring costs (M&A expenses)

3. Business Review

3 COVID-19 – Spain Overview (I)

Spanish Situation

- On Saturday Mach 14th, 2020, the Government of Spain approved the **declaration of a state of emergency** throughout the country (with national lockdown now extended through April 12th) to tackle the health emergency caused by COVID-19 in order to **guarantee that the health of citizens is protected, to contain the disease and to bolster the public health system.**

Economic Action Plan implemented in **4 areas.** Main measures approved:

A — Protection for Jobs

- **Measures** designed to **strengthen job protection**, adapt or reduce the working day for work/life balance and working from home, as all schools have been closed.
- Temporary adjustments to the workforce will be managed through **Temporary Job Regulation Programme,** some of which could be considered as *"force majeure"* , allowing all workers to be entitled to unemployment benefits
- These actions **prioritize** and speed up collective **temporary suspension of contracts and reduction of working hours** versus permanent dismissals, helping companies in this temporary crisis

B — Liquidity of the companies

- The Government has approved the **creation of a line of public guarantees for €100BN**. Additional guarantees were also agreed for €2BN for export companies
- **Other measures**: tax, public contracts, restrictions on foreign investments, corporate measures, insolvency…etc

C — Families Social Services

- Spanish Government announced that it will allocate **€600MM to financing basic social services** provisions by regional governments and local authorities. The protection will be extended for energy and water supplies, and telecommunications services which will be guaranteed
- Moreover, the Government **has established a moratorium on the mortgage payments for habitual residence** for debtors in a vulnerability situation

D — Vaccination

- The Government will allocate **€30MM** to **enhancing scientific research** into developing a **vaccination for COVID-19**

Government will mobilize up to **€200BN**, almost 20% of GDP

3 COVID-19 – Haya´s Contingency Plan

Haya´s employees

- The **first priority** for Haya has been to ensure the **healthcare and security of our employees.**
- Thanks to our **flexible IT infrastructure** and systems, we had **99% of employees working from home** in record time. We **continue providing essential services to our clients** unless impracticable due to government measures.

Activity and business

- The **Spanish economy is slowing down** and our **commercial activity in March has been impacted.** Covid-19 has resulted in a **reduction of leads, offers and sales since the State of Emergency** (over 75%), with such **decrease expected to continue** in Q2 and possibly into Q3.
- During this lower commercial activity period, we are **focused on progressing** as much as possible **on any actions that can ensure pipeline is maintained,** and that can help our clients increase sales and recoveries as soon as markets are back.
- **Potential decrease in REO prices** after this crisis **may be offset** in the future by **increased inflows of NPLs** or converted REOs. As contracts are long-term, we see **deferred vs lost sales**.

Revenues and variable cost structure

- The **structure of** the majority of our **contracts** offer some **protection against economic downturns** (**fixed management fees)** and a new crisis may lead to potential **increase of AuM inflow**.
- **Our cost structure has a significant variable component** (channel costs, agencies costs, marketing) helping us to **reduce costs if sales activity decrease.** Approx. **60% of fixed P&L costs** are **covered** through management fee.
- We are also **adopting/analysing** additional **cost cutting measures** in response to this crisis (reduction in BPOs, speed up of existing restructuring, reduction in Opex, etc.).

Strong Liquidity Position

- **Significant cash position as of end of March** due to the strong collections in Q1´20 plus the RCF of €14.4MM (fully drawn in March).
- Additionally, we have a positive **working capital position** that should increase cash balance in coming months.

No near term liquidity impact. Will monitor closely to **mitigate** mid to **long term impact as much as possible**

3 Labour Restructuring Process

Jan.´20 | Feb.´20 | Mar.´20 | 2020 & 2021+

Labour Restructuring Process

The **launching** of a **labour restructuring process was announced.**

Main **objectives**:

- create a more **agile**, **efficient** and **customer-focused** organisation
- adapt Haya to the **new challenges** it faces to remain **competitive in the market**
- require a **new structure to continue providing a high-quality service** to customers and to take advantage of the opportunities offered by the changing market context

- **The negotiation period** with the labor union representatives began **at the beginning of February** to reach the best solution for all parties
- **Several meetings have taken place** during February between the company and the representatives
- The agreement between **Haya and the Labour Unions** was signed on **10/03/2020**

- The agreement **includes a collective dismissals of ~200** employees, the severance package agreed and a voluntary period for the adherence to the process.
- The process will be **completed by end of April**
- The **restructuring cost** related to this process is expected to amount to ~**€8-9MM.** This expense will be a **one off cost to be incurred and paid in April 2020**

- The **new structure** will allow to obtain **higher efficiency and adapt to the changing and competitive market**
- **The personnel cost in 2020** will be a **mix** between the **cost reduction** due to the **restructuring** process and the increase due to the **annual contribution** of **Divarian** employees incorporated in June´19.
- Total reduction of FTEs of aprox. 20% will bring aprox. **€10MM of annualized cost savings** starting 2021.

3 2020 Transformation Plan

Context

Continuing with the **cost reduction culture** established in the company in 2019, we have implemented a **2020 Transformation Plan** which is focused on **four pillars**:

1. **Real Estate Business**
2. **Operations**
3. **Debt Management**
4. **Human Resources**

Objectives

- Transformation of the Real Estate **business model** in order to obtain higher **scalability** and **flexibility**
- **Industrialisation** of operational and specific commercial services
- **Digitalization** as a way of **reducing costs** and **improving** the **quality** of services
- **Resizing the number of FTEs** according to existing company and market situation
- **Continue to reduce operational costs**
- **Development of new debt management business line**
- **Continue to develop** and consolidation of **business lines** in **Real Estate** services

Lines of Work

Commercial R.E. Business

- New broker fee scheme and relationship model
- Deploying a multi-client commercial territorial structure

Marketing

- Improvements in contact center, digital customer experience and Haya´s website to enhance the sales and reducing REO channel costs

IT

- Full Divarian integration. Developing new functional tools
- Focus on opex reduction

Real Estate Asset Mangt.

- New services offered to existing or new clients, i.e.: Facility Services and Administrative Agencies Services Model
- Process improvements to accelerate time to market and sales cycles

Human Resources

- New human resources policies enhancing the organization culture and the employees competencies
- Work-life balance

Debt Management

- New services to be offered to our clients through a new debt management model, i.e. friendly repossessions
- Focus on process improvements: new recovery tools and Internalization of judicial proceedings in Haya Lawyers
- Location / Skip Tracing

3 Sareb – Esparta contract

New Contract Signed

- New contract signed in October 2019 to continue **managing the assets tendered in the Esparta process**
- **Upfront payment is not required**
- **Tenor: 2.5 years** (mid 2022)

Haya is the **first servicer to support Sareb´s transition** to its **new business model**

Main Economic Terms

Volume fee

- **Reduction in fees as there is no upfront payment** (34% of revenues under Ibero were considered a refund of the original upfront payment)
- REO Co volume fees now excludes the litigation process management on litigated loans, as that is now managed directly by Sareb. Bankruptcies and Deeds in Lieu remain

Management Fee

- **New model based on a fixed fee** vs % AuMs managed
- The **new MF intends to cover a minimum cost structure**
- The **fee** will be **significantly lower** due to:
  - **Lower** perimeter **managed**
  - **Lower scope of** services; non-commercial functions are assumed by Sareb with corresponding reduction in costs

Perimeter		
AuMs (€BN)	Dec 2019	Jan 2020
REDs	18.3	11.9
REOs	2.5	1.8
Total	**20.9**	**13.7**

New Esparta contract will imply **EBITDA margins** in line with "market like" margins

In 2020, we expect to have**:**
- Contribution from **transition period**
- **Significant WK inflow**

In 2019, Sareb represented approx. 30% of total revenues. **In 2020**, it is expected to **decrease to** aprox. **15%**

Other new contract awarded

New Rental Agreement

- We have been awarded a new contract to manage **>3,000 rented assets**
- We will **continue** with the **rental management services** delivered during the last years for Sareb, adding value through the extensive experience of a specialized and dedicated team
- The contract has been **awarded** to Haya after a **highly competitive process**
- **Tenor: 2 years from Jan.´20**

Specialized Rental Management Business provides further **opportunities for growth** at Haya.

4. Conclusion

4 Conclusions

2020 performance will be impacted by COVID-19 situation

H1´20 Performance will be affected by COVID-19

- COVID-19 impact will be reflected in Q1´20 and Q2´20 results. Will provide update on Q1 call in May.

Uncertainty Situation in H2´20

- Depending on the evolution of the spread of COVID-19 in Spain, we expect to see a potential slow recovery by mid-summer, at the earliest. Too early to tell.

Liquidity Position

- Our current liquidity position provides us with some headroom to mitigate near term impacts from lower commercial activity.
- If we start seeing delays in collections from existing A/R, we will take necessary liquidity protection measures.

Haya´s Risk Management

- We are **conducting** our **business** in a **socially responsible manner, protecting** the **health safety of our employees** (99% employees are working from home).
- We have **reacted quickly** and **efficiently**. We are in **full operations** since the first day of the lock down due to the **flexibility** of our **IT infrastructure.**
- We remain **fully focused** in **serving our clients,** with **teams fully available** remotely, and **focusing on actions** that can **help our clients** increase sales and recoveries as soon as markets are back.
- To **partially offset** the **lower commercial activity**, we will take **cost cutting measures to ensure the continuity of the business.**
- We will **continue to monitor** the **situation** and **will be ready to take the necessary measures** depending on how the situation plays out.

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