



H1 2018 Earnings Presentation

31 July 2018

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Today's Presenters



Carlos Abad Rico

CEO & Director of the
Board



Bárbara Zubiría Furest

CFO

Agenda



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1. Key Highlights

1

H1'18 - Key Highlights



- ✓ **Transaction volumes increased by +58% (€2,373.9MM) in H1'18, allowing for 20% growth in revenues (€130.2MM)**
- ✓ **Adjusted EBTIDA of €64.9MM (+16% vs H1'17) with a strong EBITDA margin of ~50%**
- ✓ **Strong free cash flow generation in the second quarter with €40.9MM, +21% YoY, with a cash conversion above 60% in the period**
- ✓ **Novated Bankia contract for a period of 10 years, adding to AuMs the REOs coming from BMN. Former Bankia REDs will be managed directly by Bankia in the future.**
- ✓ **Assets under management of €38.8BN at June 30, 2018, with new contract wins during H1'18; continuing to prove our capacity to service the institutional investors portfolios**



2. Business Review

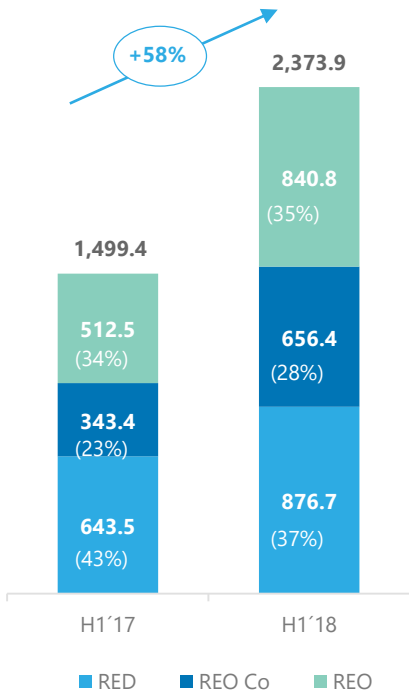
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Haya's H1'18 business performance



Transaction volumes comparison

(€ MM)



(%) of total

REOs Transaction Volumes

€876.7MM
+36%

- **Very strong performance in Cajamar**, helped by a significant **portfolio sale >€200MM. Potential servicing** with buyer
- **Strong performance in Bankia** on last REDs managed. **Portfolio sale and bank guarantes recoveries**
- **Lower recoveries in Sareb y-o-y** due mainly to one **portfolio sale in 2017** with no corresponding impact in 2018

REO Conversion Transaction Volumes

€656.4MM
+91%

- **Continued strong performance in REO Conversion** mainly due to the **strong activity in Sareb** resulting in an sharp **increase** in the **number of claims** filed during the semester
- **Cajamar REOC** activity levels **in line with 2017**

REOs Transaction Volumes

€840.8MM
+64%

- **Strong performance in Liberbank**, contributing **€279MM** in H1'18.
- **Very strong performance** in REOs sales in **Cajamar**, **+24% increase** over H1'17
- **Good performance in Bankia** (+5% y-o-y), helped by **land & commercial asset sales**
- **Significant growth in Sareb** REO sales, **+13%**, helped by retail sales

Ancillary Business¹

€3.2MM
-7%

- Revenues from ancillary business impacted by a **lower activity in the Securitization** business, partially offset by the **good performance in Advisory and Land Development** division
- **One new servicing agreement** awarded in the semester. Working on a potential new contract to be signed in Q3
- Small **contract** signed with large **insurance company** with a **5 years tenor** to manage its property portfolio

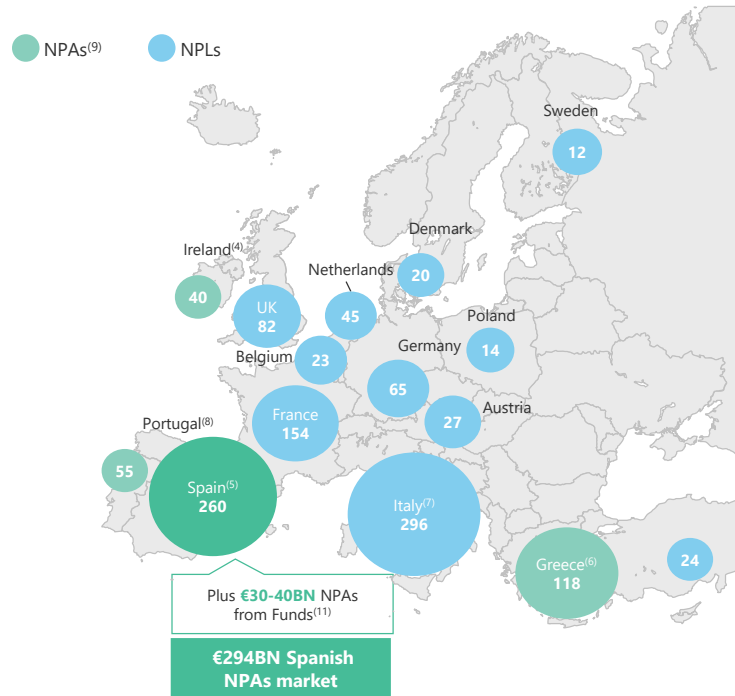
(1) Revenues from: Advisory, Securitization, Land Development and Rentals from other clients

2 Spanish NPAs market is second largest in Europe



NPAs ⁽¹⁾ Volume in Europe ⁽²⁾ (Excl. Funds) ⁽³⁾

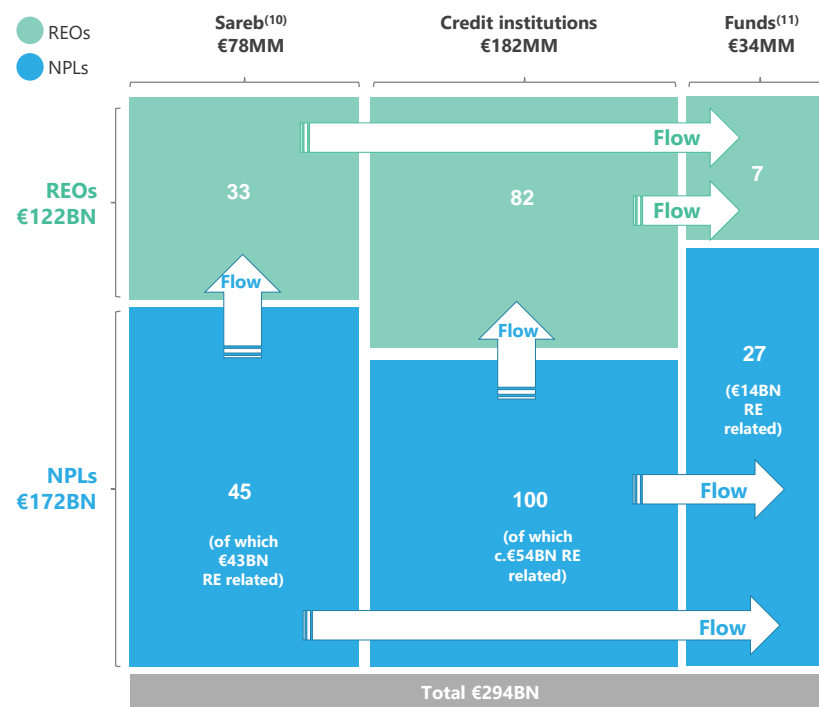
(BN) 2016-2017, top-15 EU countries by NPL stock



Source: ECB Consolidated Banking Data (series A1100 and A1200)

NPAs ⁽¹⁾ in Spain by owner and Asset Type⁽⁵⁾

(BN) GBV, 3Q 2017



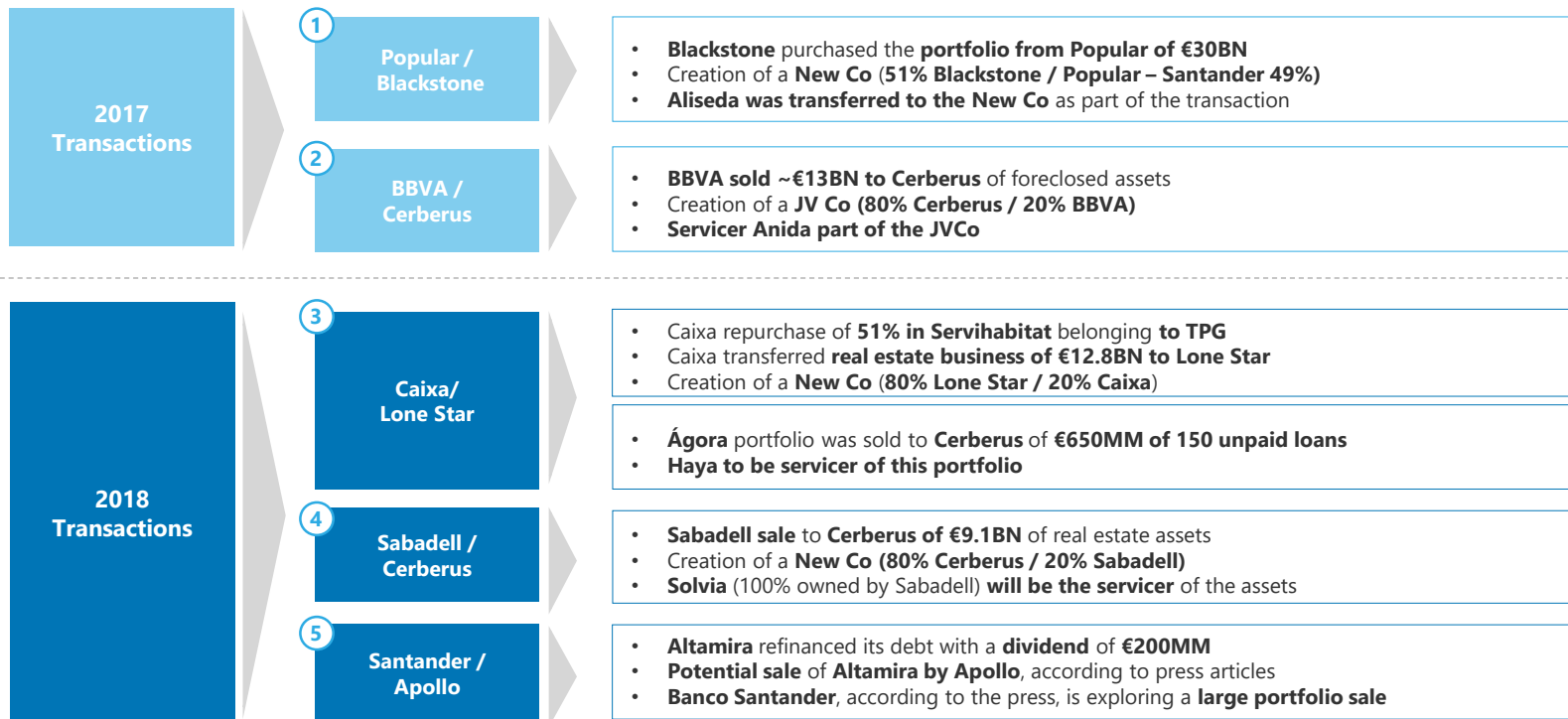
Source: Bank of Spain: Statistical Bulletin as of 3Q 2017.

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A lot is going on in the Spanish sector...



Institutional Funds as the new owners of NPAs in Spain

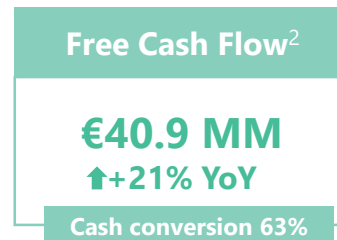
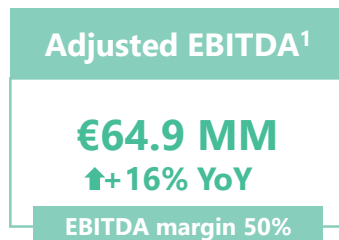




3. Financial Review

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1H' 18 Key Financial Highlights



(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €2.1MM costs estimated to have been incurred in connection with the IPO exploratory activities. (2) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital. (3) Includes €22.3MM of Bankia's VAT Facility that was repaid in July 18

3

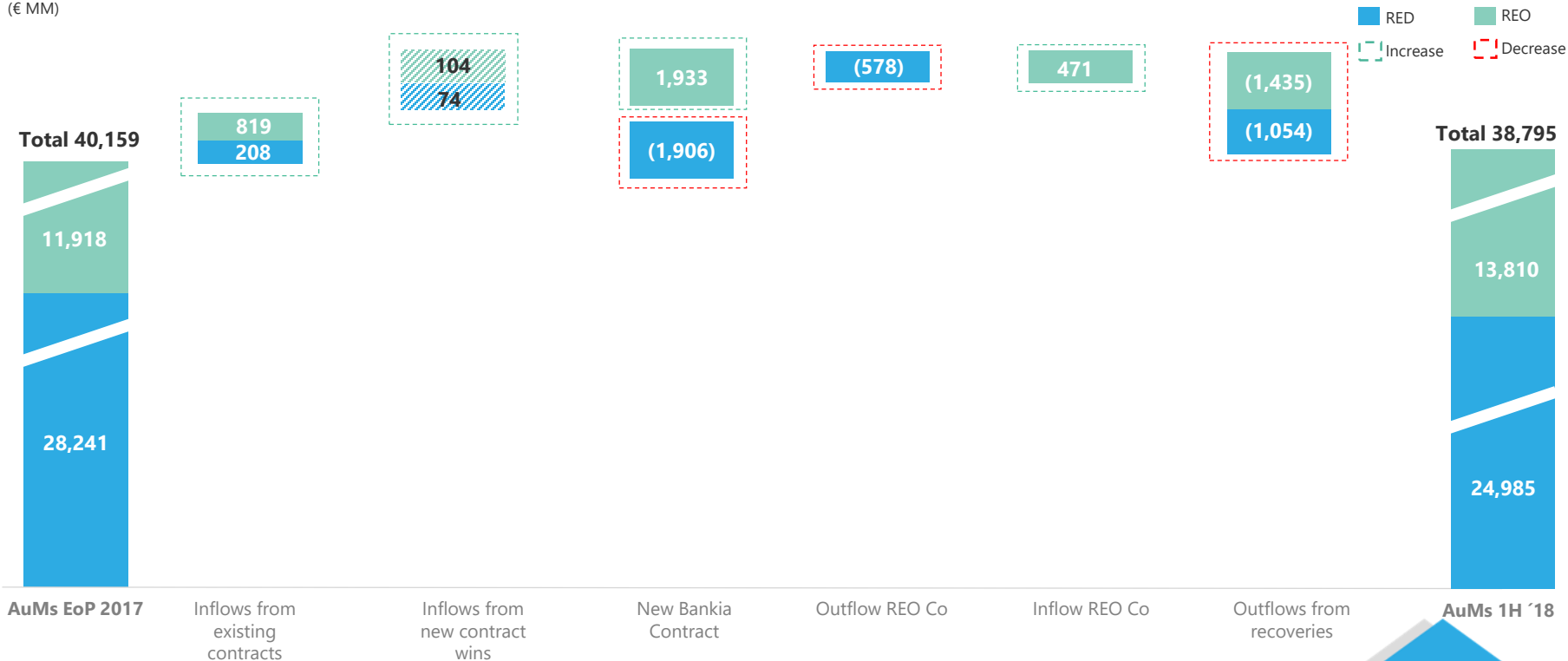
Assets Under Management



◀ AuMs decreased by €1,364MM compared to December 2017 mainly due to the natural evolution of the Sareb portfolio (closed perimeter) partially offset by inflows from the existing contracts and the new contract awarded in the period

Asset under Management evolution (GBV)

(€ MM)



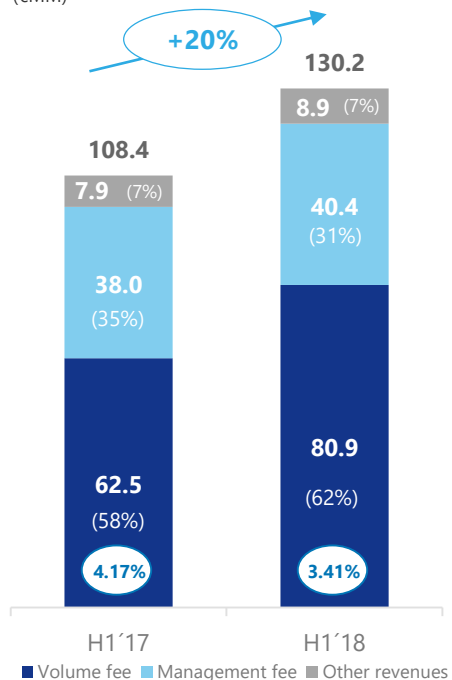
3 Revenues



Revenues increased by 20% due to the increase in volume and management fees mainly impacted by the strong performance in all products and the Liberbank contribution during the first half of 2018

Revenues Comparison

(€MM)



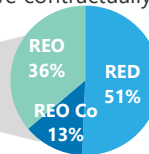
Volume fee



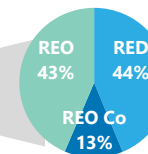
- Volume fee increased by 29% mainly due to:
 - strong performance in REOs across all clients. **Liberbank contributes +€10.6MM**
 - Growth in **REO Co** fees due to **high transaction volumes in Sareb**
 - Very strong performance in REDs due mainly due to large Cajamar portfolio sale**
 - The average volume servicing fee as % of volumes was 3.41% due to the weight increase of REO Co volumes and portfolio sales, which have contractually lower fees**

Breakdown by product

H1 '17: €62.5MM



H1 '18: €80.9MM



Management fee



- Management fee **increased by 6%** due to the **Liberbank and other clients contribution**, which have offset the decline in other contracts, mainly Sareb, due to the natural evolution of its closed perimeter

Other Revenues



- Other revenues **increased by 12%** mainly due to an **increase in ancillary services** in the contracts, partially offset by the lower activity in the **Securitization** business

(%) of total (square), % average volume servicing fee (circle)

3

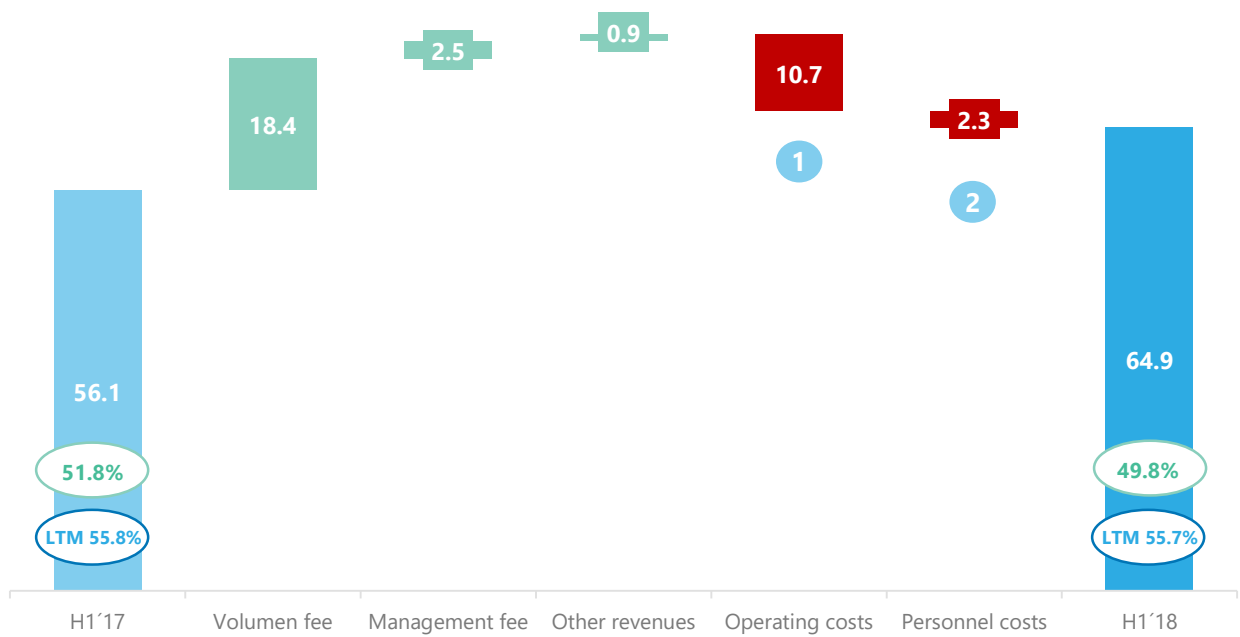
Adjusted EBITDA bridge



Adjusted EBITDA increased by 15.6% compared to H1 '17 explained by a strong performance in all contracts

Adjusted¹ EBITDA Bridge

(€ MM)



1 Operating costs impacted by:

- New costs associated to the **Liberbank contract** signed in August 2017
- Higher **direct costs** (channel costs and litigation cost) due to the increase in REO and REO Conversion transaction volumes
- Higher **opex** due to temporary **external workforce** and **professional services**
- Higher marketing costs due to increased activity in **new commercial campaigns**
- **Higher customer support center costs** mainly due to the increase in **REO commercial activity**

2 Personnel costs impacted by:

- **Liberbank** and **new servicing portfolios** awarded have increased number of FTEs

○ % Adjusted EBITDA margin

(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €2.1MM costs estimated to have been incurred in connection with the IPO exploratory activities

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Free Cash Flow and Net Debt Position



Free cash flow increased by 21% (+€7.2MM vs H1'17) and the leverage ratio at 3.0x as of June 2018

Free Cash Flow

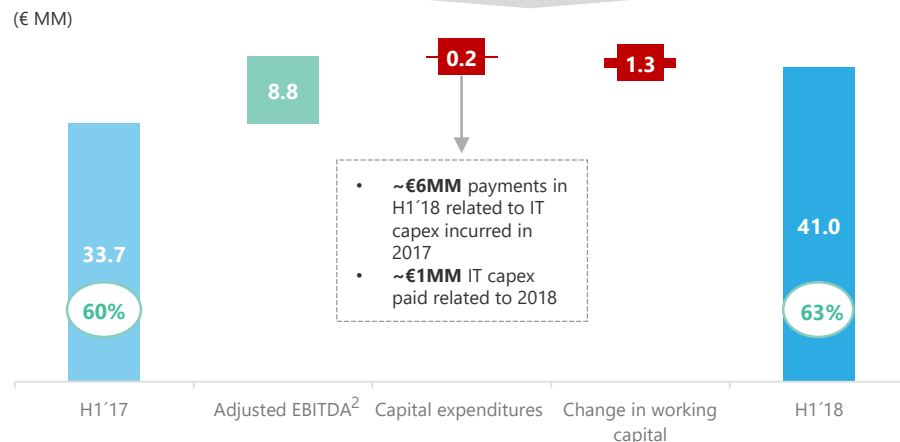
	H1 '17	H1 '18
Adjusted EBITDA²	56.1	64.9
Capital expenditures paid ³	-6.7	-7.0
Change in working capital	-15.7	-17.0
Free Cash Flow	33.7	40.9

Free Cash Flow¹ Comparison

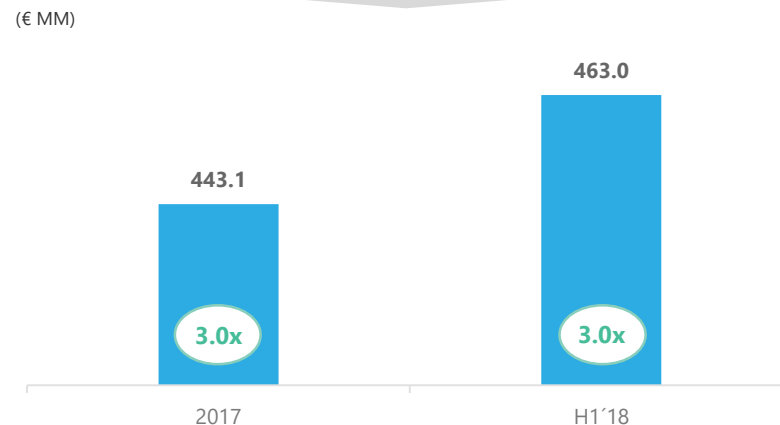
Net Debt⁴

Main Highlights

- **Leverage ratio in H1'18 at 3.0x**
- **Repayment of €22MM** of Bankia's VAT facility in July'18
- **€40MM of Bankia's upfront payment** was paid in April. Remaining deferred purchase price to be paid in July (€20MM) and October (€46.8MM)



○ % Cash Conversion: FCF / Adjusted EBITDA²



○ Leverage ratio: Net debt⁴ / Adjusted EBITDA²

(1) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital. (2) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €2.1MM costs estimated to have been incurred in connection with the IPO exploratory activities (3) Capital expenditures adjusted by €40.9MM of Bankia's upfront payment (4) Includes €22.3MM of Bankia's VAT Facility that was repaid in July'18



4. Annex

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H1 '18 Key Metrics



(€ MM)

	H1 '17	H1 '18	(%)	
P&L	Total transaction volumes	1,499.4	2,373.9	58.3%
	Revenues	108.4	130.2	20.1%
	Volume fee	62.5	80.9	29.4%
	Management fee	38.0	40.4	6.3%
	Other revenues	7.9	8.9	12.6%
	Operating expenses	52.3	65.3	24.9%
	Other operating expenses ¹	28.8	39.5	37.2%
	Personnel Cost	23.5	25.8	9.8%
	Adjusted EBITDA²	56.1	64.9	15.6%
	Adjusted EBITDA margin	51.8%	49.8%	-3.7%
Adjusted EBIT¹	20.0	14.7	-26.5%	
Adjusted EBIT margin	18.4%	11.3%	-38.8%	
Other Key Metrics	Assets under management	40,159³	38,795	-3.4%
	Average volume servicing fee	4.17%	3.41%	-18.2%
	Average management servicing fee	0.20%	0.21%	5.0%
	Free cash flow	33.7	40.9	21.4%
	Net debt⁴	443.1³	463.0	4.5%
	Leverage ratio proforma	3.0³	3.0	0%

(1) Other operating expenses adjusted by €2.1MM costs estimated to have been incurred in connection with the IPO exploratory activities (2) Adjusted EBITDA is the sum of GAAP operating profit plus D&A, adding back €2.1MM costs estimated to have been incurred in connection with the IPO exploratory activities (3) Figures as of December, 2017 (4) Includes €22.3MM of Bankia's VAT Facility that was repaid in July '18



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