4FINANCE SA (ECPLUS)

Moderator: Oyvind Oanes
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OPERATOR: This is Conference # 3491357

Operator: Ladies and gentlemen, thank you for standing by and welcome to the 4finance Q1 2020 Results Conference Call.

At this time, all participants are in a listen only mode. There will be a presentation followed by a question and answer session. At which time, if you wish to ask a question, you will need to press "star" and "1" on your telephone keypad.

I also must advise you that this conference is being recorded today.

And I would now like to hand the conference over to your first speaker today, Oyvind Oanes. Thank you. Please go ahead, sir.

Oyvind Oanes: Thank you, John, and welcome, everyone to the 4finance Q1 2020 Results Call. This is Oyvind Oanes speaking, the CEO of 4finance Group, and with me today are as usual, our CFO, Paul Goldfinch, our CRO Martin Muransky and James Etherington, our Head of Investor Relations.

Due to the circumstances, we're actually calling in from four different locations today. We trust that all lines will work fine and that we can still do this call in a reasonably seamless way.

As usual, we would like to start the call with a short operational update reviewing some of the key business and financial highlights for the reporting period, and we would naturally also give you an update on how we have navigated the business through these challenging times of the Covid-19 pandemic.

If you could all please turn now to page four of the presentation, you will see that we have delivered a stable and solid initial start to the year, where the months of January and February, as well as the first half of March were broadly in line with our expectations.

We continue to see a stable overall performance in our larger online markets as well as at TBI Bank, where we saw a very strong start of the year, and the consumer loans issuance volume here was up 17 percent on Q1 last year.

We also continue to see the near-prime business grow, with advanced pilots in Lithuania, Latvia and Sweden. The near-prime business now accounts for above 50 percent of the overall loan portfolio of the Group.

In the quarter, we delivered a solid interest income of almost EUR97 million and adjusted EBITDA well above EUR23 million. Paul will review the key drivers behind these numbers in a few minutes.

As the global health crisis started to escalate across Europe from mid-March, we rapidly adapted the operations, moving over 2,000 staff across 16 countries to working from home in less than 10 working days, ensuring employee safety and continuous operations of all functions. This was a significant team effort that I'm still very proud of.

As the peak of the health crisis now seems to be behind us in most markets in which we operate, we are gradually letting staff return to the office in line with local government guidelines and policies. Ensuring health and safety of our employees will also have top priority also in this phase of the process.

As the crisis hit our markets and the industry in the middle of March, we also rapidly moved to prepare multiple response measures related to servicing our customers. Although we selectively implemented more prudent underwriting measures for some of our products, we have had a strong focus on continuing to serve our loyal customers, while taking a more cautious approach to new business in this period of uncertainty.

Martin will review the risks topics in more detail a little later on the call, but I believe it's important to say that we have not seen any significant deterioration of the repayment behavior of our customers as a result of the crisis. We also moved quickly and proactively to implement measures to support customers who could face issues with servicing their debt, offering payment deferrals, et cetera, actually in most cases ahead of any local regulatory requirements.

We've also updated and strengthened our collections processes and policies accordingly. We have also managed our balance sheet and liquidity position extra carefully given the special circumstances.

With lower issuance in April and May driven by a drop in demand and scaled back marketing activities across all our markets, we have seen a strong generation of cash, and this enabled us to continue to buy back bonds, trading below par at the moment.

And even after this, we now have around EUR90 million of cash reserves in our online business, i.e. not including TBI Bank. And at the bank, we continue to see strong ratios for both liquidity as well as for capital adequacy.

If you could now turn to the next page please, page five, we thought it would make sense to run you through a few more details on the relevant regulatory measures in our key markets, and our respective response.

The Polish government have altered the various pricing caps relevant to our products a couple of times over the past few weeks, a temporary change to the cap on non interest cost has been implemented, reducing the maximum fixed fee down to 15 percent and the maximum annual fee down to 6 percent.

In addition, as a result of the base rate changes, the cap on nominal interest rates is reduced down to 7.2 percent.

As part of the latest round of measures, a payment deferral policy has also been proposed for loans with longer terms. In response to this, we have obviously adjusted the pricing of our short term products accordingly, actually overnight every time, and also introduced a new three month instalment loan under the Zaplo brand.

As for the other countries, we have seen various versions of voluntary payment moratoriums being implemented across the markets. The main difference between these schemes is mainly related to whether the customer must provide some proof that they have been impacted by the Covid-19 crisis or not.

We have seen limited demand for these voluntary payment moratoriums in the markets we operate. In the lower single digit percentages for Poland, Spain, the Nordics and the Baltics. The highest rates have come from Czech Republic, with about 12 percent and at TBI Bank with around 19 percent of the overall eligible portfolios. But this is mainly driven from business banking, as Martin will outline later.

As for Denmark, we are still expecting and planning for new regulations to come into force on 1st of July, and have prepared a completely new product offering that also includes a near-prime instalment loan proposition.

If you now turn to the next page please, page six of the presentation. Before handing it over to Paul to review the financial results in more detail, I wanted to, this time, give you a brief status update on current trading and trends.

As you can see from the graph on this page, we experienced a significant drop in issued volume from the middle of March. A large part of this was driven by a drop in demand as countries went into various states of lockdown, some tightening in underwriting, especially for new customers, as well as reduced marketing also contributed to this slowdown.

However, the trend has turned since around middle of April, when we saw demand starting to slowly pick up and volume production increase again. The good trend continued in May, and the month was up 22 percent on April, with loan issuance to returning customers at a level of around 75 percent of the pre-crisis production of January/February this year.

We also saw volumes in Spain come back towards the end of the month, having seen a significant drop in April. And our business in Denmark actually experienced a record day of applications so far this year, as the country started to open up a couple of weeks back.

On the last call, I gave an update on our progress in the near-prime segment and talked about our advance pilots in Lithuania, Latvia and in Sweden, as well as the progress we are making on funding these products via TBI Bank.

The initiatives continued to perform well in the period, even if we decided to slowdown the production a bit given the market circumstances during the last couple of months. In total, the near-prime book now accounts for more than 50 percent of the Group's net loan portfolio.

As part of the overall focus on optimising and right sizing the business for the future, we decided to discontinue our efforts in LatAm and have started a process to wind down our Argentinian and Mexican operations, as we could not see a way to reach the necessary scale, nor profitability in those markets in the short to mid-term.

Given the circumstances, we have also stopped all new sales in Finland in April, and are now carefully assessing the way forward in that market.

In addition to the various ongoing cost optimisation initiatives, we decided to implement a headcount reduction program, most of which has already been executed. This will see us take around 20 percent of personnel cost out on an annualised basis – as well as some reductions at TBI Bank.

The right sizing of the organisation and the Group footprint will make us better prepared to go after new opportunities that we believe will emerge in the existing markets, as well as in potential new markets beyond the current crisis situation.

And with that, I will now hand it over to Paul, who will talk you through the next few pages, reviewing the financial performance for the period in more detail.

Paul Goldfinch: Thank you, Oyvind, and good afternoon to everybody who has joined the call today. I'll now present the financial results for the Group for the first quarter of 2020.

If we move now to slide eight, we generated EUR97 million of interest income in the first quarter of 2020. Until the advent of Covid-19 in March, the business was progressing very much in line with expectations. Key products in Spain, Poland, Czech and Denmark as well as TBI were all performing strongly.

We did see some limited reductions in the online business, which stemmed from de-emphasised instalment loan products, predominantly in Armenia and Poland, along with reduced volumes and currency impact in LatAm.

It's worth noting that Q4 is also seasonally the strongest quarter, in terms of income in both online and TBI.

Oyvind has already discussed the impact of the pandemic on business volumes. Interest income has been impacted to some degree as well, mainly in our shorter dated products, which we estimate to be around EUR1 million in Q1.

However, the major impact from Covid-19 on the financial results in Q1 is via impairments, which have increased by about EUR3 million as a direct result of the onset of the pandemic and its perceived future economic impact.

Despite this, we were able to produce adjusted EBITDA for the quarter of over EUR23 million and post provision operating profit of almost EUR11 million - strong results, all things considered.

Covid-19 also resulted in significantly increased volatility in currency markets and depreciation in almost all non-euro currencies, as well as the strengthening of the U.S. dollar.

While we remain very well hedged across our major markets, we did report a 3 million euro IFRS net FX impact across the online business and the bank.

We also sold the residual elements of our Georgian business out of the Group, ahead of its upcoming liquidation, and this resulted in some minor one-off losses. These were non-cash in nature and mostly had no impact on our equity base.

The Group generated strong operating cash in the first quarter, partially due to reduced new loan issuance in March, and we took that opportunity to further reduce our leverage by purchasing around EUR35 million notional worth of our bonds, over March and April.

And despite the increased IFRS 9 impairment charge due to the pandemic, we continue to be satisfied with the overall risk performance of our loan book. A tightening of the debt sale market in some countries has, however, contributed to an increase in the overall NPL ratio. Martin will cover this topic as well as trends in collections and other risk metrics in his detailed section shortly.

We turn now to slide nine, which provides the geographical breakdown of the Group's interest income. Poland and Spain remain our two biggest markets, generation together around 45 percent of the Group's income across our SPL and IL products.

TBI's continued strong performance in both Bulgaria and Romania has seen their share of interest income increase to 25 percent. And while the decisions to stop sales in both LatAm and Finland were difficult, as you can see, from an income perspective, their contribution is not currently material, at around 3 percent of the total.

Turning now to slide 10, which gives the quarterly breakdown and development of our operating cost base, we're pleased with the progress we continue to make in reducing our overall cost base.

A total quarterly cost of EUR46.7 million reflect a further reduction in costs from the online business of EUR4 million euros and some targeted increases in TBI Bank to support their ongoing growth plans.

While the headline cost/income ratio of 53 percent is satisfactory and remains very much in line with other quarters, the sudden advent of Covid-19 makes such metrics less relevant in the short term.

An important focus for the Group was to remain present for our repeat customers in all our key markets, while protecting the overall risk profile of our portfolios and our post risk profitability. As such, an immediate step we took was to significantly reduce our investment in marketing in March by over EUR1 million from that planned and we have maintained this tight discipline throughout Q2 to date.

While we took advantage in a limited capacity of some country specific schemes, in terms of subsidies for temporary employee layoffs, rather than propose temporary salary reductions, and enforced usage of vacation days, we opted to make a series of more permanent reductions to personnel costs, particularly within the online business.

As well as the cost reductions which will naturally result from the market exits we announced, significant reductions have taken place across Group functions and other markets. The combined impact of these decisions will save us over EUR10 million annually in fully loaded personnel costs.

Group headcount reduced by 50 FTE in the quarter, and within the year-on-year reduction of 5%, the online business reduced headcount by over 10 percent. And as indicated, there'll be a significant further reduction in headcount in Q2 when the across the board exits take place.

We have reduced spend across all other cost lines and, in both the online business and TBI, a number of change projects have been reprioritised in the short term.

Turning now to slide 11, which lists our key performance indicators, we started 2020 maintaining a stable position across the set of indicators. Interest income was close to EUR97 million for the quarter, and we continued to generate a solid level of EBITDA despite the onset of the pandemic.

We maintain good headroom on both of our key covenant metrics with the equity/receivables ratio at a healthy 30 percent, stable with the prior year and our adjusted interest coverage metric on a 12 month basis is at 2.5 times, partly due to the bond buybacks I mentioned, which reduce our pro-forma interest expense.

A number of you on the call will no doubt be interested in the potential impact of Covid-19 on our future business model and our financial outlook for the remainder of the year. Countries are now emerging from various states of lockdown and the increased freedom is evident in the recovery in our business volumes, which Oyvind has already highlighted.

And Martin will also give you a considerable amount of detail on the most recent credit and collection metrics we're seeing in our loan portfolios.

We're not able to give forward looking guidance and I'm sure you'll all agree, the current uncertainty of how Covid-19 will impact the globe, even for the remainder of 2020, is truly difficult to forecast.

What I will say is that unlike others in the industry, we've remained active in all our key markets, and as a result, we'll only continue to strengthen our market leading positions.

In line with reduced business volumes, interest income will also be impacted in Q2, but the strategic reductions we have made to personnel costs plus a very targeted and effective marketing spend and strong levels of liquidity see our business uniquely placed, not only to weather the storm but emerge in a position of strength later in the year.

We turn now to slide 12, to look at the progress on our funding strategy. As Oyvind highlighted in earlier slides, we continue to make good progress with the utilisation of TBI's balance sheet for our online instalment loans.

Further small portfolios in Poland were sold to the bank in the first quarter, although a larger sale, which was planned for March did have to be postponed due to Covid-19, work has continued at good pace on developing the platform for the sale of Lithuanian near-prime loans, our largest portfolio to the bank.

TBI has also submitted its passport application to the Bulgarian National Bank for this market, to support portfolio sales starting in Q3 this year.

In summary, we remain very much on course to further scale the level of loan sales to TBI this year and in a material fashion as we move into next year.

As I mentioned earlier, we generated strong operating cash flow in Q1 and took the opportunity in March and April to further deleverage the company. Our current debt maturity profile, as at the end of May, is shown here on the right hand side of the slide.

Our current levels of cash in the online business remain strong at around EUR90 million, so we're well placed to support both the expected return to growth in the loan books and potentially conduct some further buybacks over the summer.

Similarly, TBI is in a strong position in terms of liquidity, with a further increase in liquid assets and associated ratios in the second quarter to date. We finished the first quarter in a healthy capital position with our equity and net receivables ratio at 30 percent and TBI continues to be very well capitalised with its consolidated capital adequacy ratio rising to over 21 percent in April, following the adoption of 2019 retained earnings into its capital base.

As discussed on the Q4 investor call, we were - together with our appointed advisors – very well advanced in our preparations to refinance our Eurobonds with a Nordic bond.

We continued that work through Q1, and were ready to go. We literally had our flights to the first non-deal road show meeting canceled due to Covid-19.

Subsequently, we have closely monitored the ongoing impact of Covid-19, not just on our business, but also in terms of access to capital markets for such refinancing. The combination of various lockdowns and government stimulus packages has seen a drop in the extreme market volatility that we witnessed in March and April. And indeed, some investment grade primary issuance is now taking place.

We've retained advisors and remain able to proceed with a refinancing transaction in the event that debt markets become accessible to us at suitable terms in the second half of the year. However, there remains a reasonable risk due to a number of factors including a potential second wave of Covid-19 cases across Europe that such a refinancing opportunity would not present itself to us.

Therefore, we feel it prudent to consider alternative courses of action, such as an amendment to the current maturity of our Eurobonds.

We're in the process of having some discussions with key bond holders on this topic, as we feel it's important to seek their views and input, and we'll finalise our decision over the upcoming few weeks, and at that stage, make public announcement on how we plan to proceed.

For any of our individual investors listening today, we value your investment and one of the aspects of an amendment process is that all holders, both large and small, will have the opportunity to participate in the voting process and receive an associated consent fee. Be assured that if we do proceed, we'll be making all the information available in good time publicly.

To the extent that any of you would like to have specific conversation on this topic, please feel free to reach out to James or myself.

Turning now to slide 13, our online loan issuance in the first quarter totaled EUR214 million, 10 percent down on the prior quarter. TBI loan issuance of EUR77 million, was 25 percent down on what was a record final quarter in 2019.

Issuance across all markets was proactively reduced at the advent of the pandemic, as we worked to limit new customer volumes and focused heavily on our repeat customer base.

As a result of these actions, the overall portfolio decreased by 4 percent to EUR543 million at the end of Q1. The portion of the portfolio represented now by near-prime loans totals 51 percent.

I'll now ask Martin, our Chief Risk Officer, to take you through the following detailed slides on our asset quality and the dynamics of our impairment charge.

Martin Muransky: Many thanks, Paul. Good day to all on the call. Let me walk you through the risk performance for the first quarter of 2020, which has been a quarter already impacted by the onset of the Covid-19 pandemic during the month of March.

Let us start first with slide 14. The net impairment result for the first quarter of 2020 totaled 31.2 million euro, which is a slightly elevated figure, as opposed to our pre-Covid expectation and being 2 percent higher quarter-on-quarter, while down 4 percent compared to the same period of 2019.

The figure was composed of 36.4 million euro of gross impairment charges, which was the lowest level for a few quarters, as asset quality indicators developed mainly in line with our expectations.

We did see some additional provisions in some of the instalment loan portfolios we are winding down like the one in Armenia.

Then due to the initial effect of the Covid pandemic, we took additional impairments in March, both on a product level and on a more macro level as well.

Furthermore, we had EUR2 million of net debt sale gain in the quarter, which is a result below our expectations since we have seen a delay in a few anticipated debt sales, which were impacted by the Covid influenced uncertainty of some of our traditional external debt sale partners.

The most significant delay was caused by two debt sales in Poland, which instead of March, were nevertheless duly executed during May, albeit at a somewhat lower price, given market developments as well as the changed days-past-due structure of the portfolio sold since the transaction that realised effectively two months later.

And finally, we have 3.1 million euro in recoveries from written off assets, which is a very stable figure throughout most of the past periods.

Our qualified estimate of the net impairment attributable purely to the Covid pandemic for the first quarter is at some 3 million euro and they formed 24 percent of the monthly net impairment charge in March and close to 10 percent of the overall charge for the quarter.

Beyond some debt sales shifted in time, we have seen a temporary increase of some delay indicators in a few of our markets, mostly during March and April, however with a range of some 145 implemented actions and measures across all of our markets in both underwriting and collections, we have reached a swift stabilisation of risk performance to the level preceding the Corona pandemic.

Our April impairment charge was also reflective of this improvement, where the Covid attributable share of impairments dropped to some 10 percent of the monthly charge. Later, I will touch upon the more recent performance in collections in more detail.

Interest income declined 9 percent year on year, with some quarter on quarter declines from a seasonally strong last quarter of the prior year, and this has also affected the net impairments to interest income for the quarter, which reached 32.3 percent, versus 30.4 percent a year ago.

The overall cost of risk remains stable quarter-on-quarter – in total, 17.4 percent, which was an improvement versus 18.4 percent for the same period last year.

The cost of risk for online was at 29.5 percent for the period, compared to 28.9 percent in Q1 last year, while in TBI Bank, it was at 4.7 percent for the quarter, compared to 4.5 percent a year ago.

The ratio was also impacted in March due to the Covid-19 by the somewhat lower level of new loan issuance and slightly elevated impairments in both online and TBI Bank.

On top of the recently announced additional 750 billion euro in post pandemic recovery funds to be granted to the EU member states to support a faster economic recovery and to help the EU to tackle this unprecedented crisis, there are many wide scale local government packages in every country, introduced to support both individuals and businesses that detrimentally impacted by both direct and indirect effects of the Covid pandemic.

With this in mind and all the measures we have applied, as well as the generally smaller ticket size and shorter-term duration of most of our loan products, we have seen the risk and collections performance so far across our portfolios to be quite resilient, during the initial months of the Corona crisis.

Obviously we want to remain vigilant whilst a fairly high level of uncertainty remains and the full economic impacts are not yet clear.

Given our robust data driven origination and collections approach, we review our loan products performance in all countries on a day-by-day basis through a range of key performance indicators, and thus are able to dynamically adjust our inception quality, product management as well as debt collection strategies as relevant to adapt well to further developments.

With that, let us move please to slide 15, with the development in non-performing loans during the period.

The overall NPL ratio for the quarter totaled 22.2 percent, versus 20.7 percent in December 2019, whereas we have seen an increase of the ratio in the online segment to 28.3 percent versus 24.9 percent in the prior quarter. While asset quality as such, remains stable, lower debt sales in the period as well as lower new loan issuance in the segment contributed to the increase of the ratio in this quarter.

The NPL ratio slightly improved quarter on quarter in TBI Bank to 16 percent as at March 2020, versus 16.2 at the end of last year, supported also by a scheduled forward-flow based debt sales executed as anticipated and prior to the onset of the Covid pandemic.

The total provision coverage in Group level increased to 23 percent versus 21 percent in the previous quarter with a strong total non-performing loan coverage rate of 103 percent and respectively 118 percent for the online segment only.

The NPL coverage for TBI Bank remained also stable at around 74 percent, being as usual lower versus the coverage in the online segment, given a larger part of the business banking book at TBI Bank being well collateralised with prudent loan to value levels.

Moving now to slide 16 please, to cover recent collection performance in more detail. Here, we are looking at the more recent collection performance in online, illustrated in the charts on the slide for both single payment loans, as well as instalment loans, inclusive of near-prime, with a cumulative month-to-date payment dynamics across both product portfolios.

April payments, shown in purple, meaning here March due dates and the respective payments on a day by day basis in April, have had a weaker performance and were comparable to January, whereas January is usually the month with the weakest performance during the year, attributable to lower collection activities during the seasonal December holiday period.

As visible on the charts, driven by timely measures taken in both underwriting as well as in collections in both products, the payments in May for the April due dates, shown here in black, improved significantly and reached regular levels.

The picture has been similar in almost all our online business except for Spain, where the May payments, albeit improved already over the ones in April, have not yet reached pre-pandemic levels.

And improvement in collection performance is also visible at TBI Bank where May results demonstrate an upward repayment trend on the overall portfolio level being better by close to 5 percent versus April, roughly halving the gap observed when compared to pre-pandemic performance levels.

Recovery rates on accounts already in collections are also improving in May versus April, in both Bulgaria and Romania.

Payment deferrals or payment holidays have been offered selectively based on specific risk rules to our repeating customers on a proactive basis, as well as reactively in accordance to specific local Covid relief regulations applied in a number of markets like Spain, Lithuania, Bulgaria, Romania, Slovakia and the Czech Republic.

The take-up rate in our largest markets of Poland, Spain and Denmark as well as Latvia and Lithuania, has been negligible, and this includes both proactive and reactive offerings. We have seen a more pronounced take-up rate in Armenia and the Czech Republic, reaching month-to-date some 17 percent in Armenia and 12 percent in Czech respectively.

The increased size of the take-up rate was attributable to the rapid spread of the virus in Armenia and the higher share of deferrals offered proactively in support of our customers and the nature of the Covid specific payment holiday legislation in the Czech Republic, which doesn't require customers to demonstrate that they have been affected.

The take-up rate at TBI Bank reached month-to-date also some 12 percent for retail and 43 percent for business banking. While the take-up rates in retail had been driven mostly by proactive measures, levels in business banking are attributable to several industrial sectors that have been more severely hit during the pandemic, like real estate development and related construction, transportation and freight forwarding or the hotel and restaurant industry.

On the other hand, most of the SME portfolio in TBI Bank with payment holidays is very well collateralised with loan to value around or below 40 percent.

We have observed a peak in the payment holiday take-up rate mostly in March and April with a continuously declining trend in May.

Based on the developments we observed in recent months, in both portfolio quality and collections performance, we are pleased with the rapid and dynamic adjustments we have made to our underwriting and collection scorecards and policies, and are confident we'll be able to continue to manage this proactively in the coming months.

With this, I would conclude the key items I wanted to highlight in relation to risk performance for the quarter as well as for the more recent period, and hand over back to Oyvind.

Oyvind Oanes: Thank you, Martin.

So, before we open it up for questions, let me try and summarise the key takeaways from today's presentation.

We were able to rapidly adapt the operations to remote working as the Covid-19 crisis started escalating the middle of March. With a focus on risk management, we remained open for business in all our markets, with emphasis on our loyal customers and proactively supporting customers that have been impacted by the crisis.

However, our customer repayment behaviour has been within normal ranges throughout the period, with improvement seen in the last weeks, as Martin just described.

We believe that we are well positioned to weather the storm and take advantage of opportunities that will emerge. Decisions have been made to streamline our footprint and right size the organisation.

The development of near-prime business continues to progress well with new products, as well as on the TBI Bank funding side. Demand and issuance trends across our network are encouraging, and we currently expect to continue to see that trend over the next few months.

The liquidity position remains strong in both the online part of the business, as well as at TBI Bank and we have seen strong cash flow generation that we have deployed to buyback significant volumes of our own bonds. And as Paul said, we have started a process to review a potential extension of the maturity of our Eurobonds, and hope to be able to provide more details around this in the upcoming weeks.

Many thanks for your time and attention and I would now like to open it up for questions.

Operator: Yes, sir. Thank you.

Ladies and gentlemen, we will now begin the question and answer session. And as a reminder, if you wish to ask a question, please press "star" and "1" on your telephone keypad, and wait for your name to be announced. Once again, "star" and "1" if you wish to ask a question.

And we have a question that came through, sir, your first question comes from the line of Julien Jarmoszko. Your line is now open. Please go ahead.

Julien Jarmoszko: Good afternoon to everyone. I just have a question, as I'm a creditor of the Eurobond 2021 maturity. I'm a small creditor, but what is your thinking in terms of maturity lengthening and what kind of compensation are you thinking about for creditors to accept that lengthening? Thank you.

Paul Goldfinch: Hi, it's Paul here, I'll take that question. I think we have not made a final decision yet, both in terms of the amendment process per se and the potential length of the amendment. These amendments – the extensions to maturity - are typically short term in nature, however we have a US dollar bond maturity in 2022, and therefore we're considering an extension either until early 2022 or potentially a longer extension which could take us past the US dollar bond.

They each have obviously pros and cons, and this is one of the points we will be discussing with bond holders over the upcoming days and weeks, together with any sort of consent fees or other sort of costs associated with these amendments. As and when we've reached a decision on that, we will make a publication publicly of the terms of the amendment.

Operator: OK, thank you.

Once again, just press "star" and "1" if you wish to ask a question. And we have another question, sir. This comes from the line of Alessandro Roca. Your line is now open. Please go ahead and ask your question.

Alessandro Roca: Yes, good afternoon. I'm also a small bond holder, and to be honest, it's not clear to me the reasoning behind the potential extension. You have been raising a pretty positive picture around the business and solidity and cash generation, so it's a bit shocking to learn about this potential refinancing. Can you explain a bit better why is this happening?

Paul Goldfinch: Yes, sure. Thank you for your ongoing support and investment in the company and yes, I would agree that over time, we have shown a very good track record of bond issuance and repayments, and over time we have reduced the coupon actually of every issue we've made, and I think as we referred to earlier in the call, we'd made a lot of progress in terms of doing a traditional refinancing transaction, which, to be honest, we had hoped we would have completed by Easter.

Covid-19 put a stop to that, and until this day, debt markets are just simply not open, basically, for non-investment grade, which obviously includes ourselves.

So, we had two options, we can wait and see what debt markets do in Q3, Q4 this year and look to do a traditional refinancing of the Eurobond then, or we can consider other alternatives now.

And look, you're right, an amendment is not a market standard transaction, however these are not sort of normal times. I think this is unprecedented in terms of the impact that Covid-19 has had on markets globally. So therefore, to be prudent, we wanted to look at alternatives to a traditional debt refinancing and an amendment – i.e. an extension to the maturity - is an obvious one for us to consider.

What it will do is obviously allow you to continue to invest in the company as all bond holders would get an opportunity to vote on the amendment and enjoy the same coupon to a later date and time.

I hope that addresses the question. Obviously if you'd like any further details, don't hesitate to reach out to myself or James.

Alessandro Roca: OK, thank you.

Operator: Thank you.

And no further questions that came through at this time, sir. You may continue.

Oyvind Oanes: OK, so if there are no further questions, maybe just very quickly recap the call again today. Overall, it has been a rollercoaster a bit for us as well over the last few weeks and months, but I'm very happy to talk to you about us now coming out of the other end of the health crisis. We managed through this period in, I think, a very good way operationally.

We are seeing good trends on production picking up, across all our markets, and as Martin said, our key risk measures in terms of repayment, collections, et cetera, look good and keep improving.

So, in terms of operational KPIs, we are quite satisfied with what we are seeing at the moment. What this year will have for all of us in front of us, is difficult to predict. But at the moment, we continue to see a good trend, and remain pretty positive to the way we have handled the crisis, and that we ultimately will weather the storm and come out on the other side of this in a strong position to take on other opportunities that we are sure will emerge beyond this.

If there are again, no further questions here, I would like to thank you once again for calling in today, and as always, please don't hesitate to reach out to either myself, Paul or James if you would like further discussions offline.

Thank you, and goodbye.

Operator: Thank you.

That concludes our conference for today. Thank you all for participating. You may all disconnect.

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