intrum justitia

This document is an unofficial translation of the corresponding Swedish document. In the event of any discrepancies between this document and the Swedish version, the latter shall prevail.

Statement in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act to the Annual General Meeting 2015 regarding the proposed dividend distribution for the financial year 2014 and proposed authorisation to the Board to resolve on acquisition and transfer of own shares

The Board and the Managing Director propose that the profits in the parent company at the disposal of the Annual General Meeting, consisting of share premium reserve of SEK 111,255,873, fair value reserve of SEK -985,733,646, accumulated profits of SEK 2,236,109,083 and the result for the year of SEK 83,105,804 in total amounting to SEK 1,444,737,144 is appropriated so that SEK 7.00 per share, in total SEK 513,949,296 [1] is distributed to the shareholders and that the remaining balance of SEK 930,787,818 [1] is carried forward.

As record day for the dividend, the Board proposes Friday, 24 April 2015. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out via Euroclear Sweden AB on Wednesday, 29 April 2015.

The Board further proposes that the Annual General Meeting resolves to authorise the Board to resolve on acquisition and transfer of own shares. The company's holding of own shares may, at any given time, not exceed 10 per cent of all shares in the company.

The purpose of the authorisation to resolve on acquisition and transfer of own shares is to give the Board flexibility to, during the period until the next Annual General Meeting, change the capital structure of the company.

In accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act, the Board hereby issues the following statement.

Motivation

The parent company's shareholder equity has been calculated in accordance with Swedish Law by application of accounting recommendation RFR 2 (Accounting for Legal Entities), issued by the Swedish Financial Reporting Board.

The proposed dividend constitutes approximately 50 per cent of the consolidated net earnings after tax for the financial year 2014, which is in line with the company's policy of giving dividend or other forms of distribution to the shareholders that over time averages at least half of the net profit for the year after tax, taking into account the company's future revenues, financial position, capital requirements and situation in general.

The Board considers that full coverage for restricted shareholder's equity will be maintained after the proposed dividend and considers the proposed dividend to be justifiable in view of the parameters stated in Chapter 17, Section 3, paragraphs 2 and 3 of the Swedish Companies Act (nature, scope and risks associated with the operations and the company's need to strengthen its balance sheet, liquidity and financial position in general).

[1] The company has repurchased additional own shares after issuing the notice to the Annual General Meeting, and the amounts have been adjusted accordingly.

The Board further considers that the company's financial position may allow further value transfers to the shareholders in the future. The Board consider that the proposed authorisation to acquire and transfer own shares is justifiable considered the demands with respect to the nature, scope and risks of the operations on the company's and the group's shareholders' equity as well as on the company's and the group's need to strengthen the balance sheet, liquidity and position in general. The proposed cash dividend has hereby been taken into consideration.

Nature, scope and risks of the operations

In the opinion of the Board, the shareholders' equity in the company and the group will be sufficient in relation to the demands in respect of the nature, scope and the risks of the operations following the proposed dividend. In forming this opinion, the Board has, inter alia, considered the historic performance of the company and the group, the approved business plan, budgeted development and the macro economic situation.

The company's need to strengthen the balance sheet, liquidity and financial position in general

Need to strengthen the balance sheet
The Board has performed a comprehensive review of the financial position of the company and the group and the ability to fulfil its commitments. The proposed dividend corresponds to approximately 30 per cent of the company's shareholders' equity and approximately 17 per cent of the group's shareholders' equity. The financial target for the group's capital structure is that the relation net debt and EBITDA shall be between 2.0 and 3.0. The proposed repurchase of own shares facilitates for the group to reach this target. The net debt/ EBITDA was as of 31 December 2014 1.88.

The company and the group have a good equity/assets ratio in view of the prevailing conditions in the industry as well as the size of the company and other relevant factors. In these circumstances, the Board considers the company and the group to have a good ability to handle future business risks and even bear losses if necessary. Planned capital expenditures as well as return on equity and earnings forecasts have been considered when proposing the dividend. Furthermore, the dividend is not expected to have any negative impact on the ability of the company or the group to make further necessary business investments in accordance with plans.

Liquidity
The proposed dividend is not considered to have a negative impact on the ability of the company or the group to fulfil its payment commitments over the short or long term. Historically, the group has had a good ability to generate positive cash flow. The company also has unutilized credit facilities, which can be used at short notice which means that the company and the group are well prepared to deal with fluctuations in liquidity as well as unexpected occurrences. Own shares will not be repurchased on a larger scale than that good liquidity is maintained.

General position
In forming this statement, the Board has given particular attention to the macroeconomic situation in Europe and its potential effects on the industry as a whole and the company and the group in particular. The Board believes that the group's business is more resistant to downturns than many other businesses, although not counter-cyclical.

The above considerations render the proposed dividend SEK 7.00, entailing an increase of SEK 1.25 compared to the previous year, to be justifiable. In addition hereto, the Board has considered all other known circumstances which may be of importance for the financial position of the company and the group, which are not mentioned above, including events after the end of the financial year 2014. No circumstance has been identified which render the proposed dividend unjustified.

____

Stockholm in March 2015

The Board of Intrum Justitia AB (publ)