# Investor Day

## Management Presentation


ECN CAPITAL

January 29, 2019

# Presentation Agenda

Agenda Review & Presentation Structure

Introduction

Service Finance Company

Triad Financial Services

Kessler Group

ECN Strategy & Forecast

# Agenda Review & Presentation Structure

**Presenter: John Wimsatt**

# Agenda Review & Presentation Structure

| Investor Day Agenda | |
|---|---|
| Introduction | 12:30 – 12:35 |
| Kessler Group | 12:45 – 1:45 |
| Triad | 1:55 – 2:55 |
| Service Finance | 3:05 – 4:05 |
| Executive Summary | 4:05 – 5:00 |
| Cocktails | 5:30 – 6:00 |
| Dinner | 6:00 – 8:00 |

Presentations are scheduled to last an hour

30 minutes slide review

30 minutes Q&A

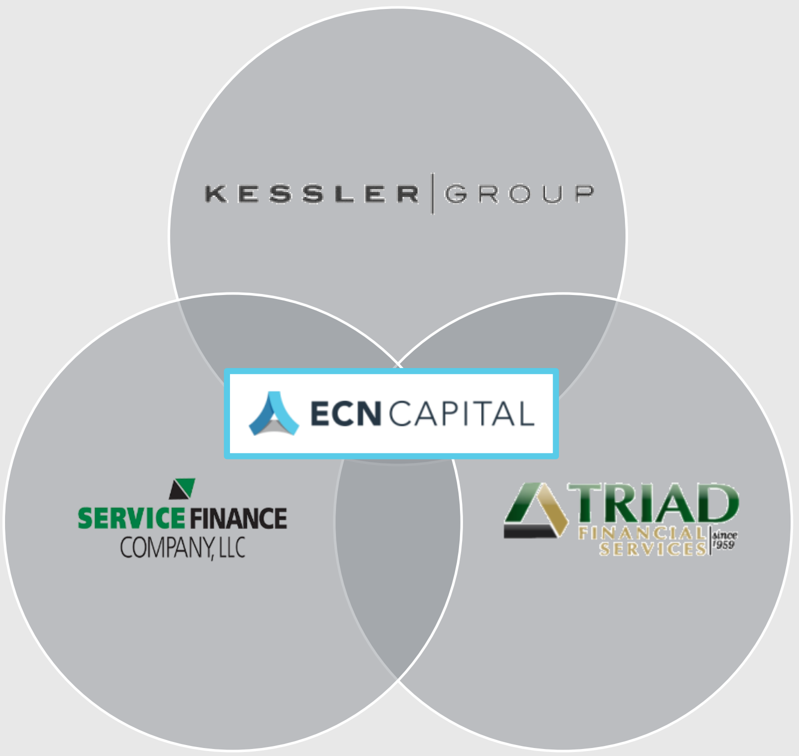
Cocktails & Dinner will start at 5:30 in the Blue Room Restaurant

# Introduction

**Presenter: Steve Hudson**

# Business Description

- Following its inception in 2016, ECN Capital transitioned from a manager of balance sheet financing businesses to a manager of balance sheet light businesses
- Over the last 2+ years, ECN has divested or wound down its legacy portfolio assets and acquired three asset light portfolio company investments
- **Today, ECN is an asset manager that owns a portfolio of business services providers operating fee-based, asset-light models through which it originates, manages and advises on prime credit portfolios for its bank customers**

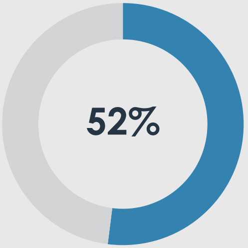


# Business Description

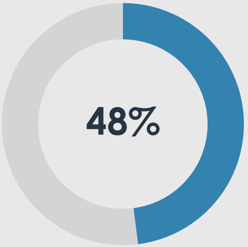
- 30 years of asset management experience in the specialty finance vertical
  - Consumer and commercial finance
  - Wholesale funding and third party funds
  - Financial institution partnerships
- 90+ bank and other financial institution partners today out of 10,000+ total in the US
- $29BN+ of managed and advised consumer finance credit portfolios
- **Three core portfolio offerings:**
  - **Consumer Credit Card** –Co-branded credit cards & related financial products
  - **Secured Consumer** – Manufactured home loans
  - **Unsecured Consumer** – Home improvement loans

**90+**
**financial institutions clients**

**$29BN+**
**managed and advised portfolios**




**of top 25 US banks are clients**




**of top 25 US regional banks are clients**

# The Kessler Group

**Presenter: Scott Shaw**

# Business Overview

KESSLER | GROUP

- The Kessler Group (KG) is a financial services leader that has shaped the payments industry
- KG has grown to become the premier manager, advisor and structuring partner to credit card issuers, banks, credit unions and payment networks
- KG is not an investment bank nor a consultant – it is a business services platform with deep long-term bank relationships
- Focused on co-brand credit card solutions, with expansion into solutions for other related consumer financial products
- Performance-based revenue streams, capital-light model with repeat clients and long-term contracts
- KG provides significant opportunity to add bank partners to Service Finance / Triad

**$25BN+**
Managed & Advised Portfolio Assets

**6,000+**
Co-brand credit card partnerships created

**70%**
of total revenue made up of multi-year, contractual revenue streams

**25+**
financial institutions with credit card portfolios

# The Kessler Group - Leadership

**Scott Shaw**
**President**

- 30+ years of industry experience; 27 years with KG
- Scott has been instrumental in building all aspects of the business along-side Howard Kessler
- Responsible for the day to day management of KG
- Develops and manages new and existing client relationships across KG's business verticals
- Manages the risk-based marketing business
- Works with portfolio team on client transactions and complex restructuring situations
- Instrumental in the formation of new financial service partnerships creating a backlog of annuity income streams across the credit card, payments and related consumer finance businesses

# Management Depth

**Overview**

- Experienced, cohesive management team with average tenure of 20+ years with KG
- Deep bench of mid-level management who have 15+ years experience (average tenure) working directly with clients across each business vertical
- Headquartered in Boston, MA with offices in Delaware & Northern Virginia

**Experienced Leadership and Proven Management Team**

| Name/Title | Industry Experience | Kessler Tenure |
| --- | --- | --- |
| Howard Kessler<br>Chairman & CEO | 40+ years | 40+ years |
| Scott Shaw<br>President | 30+ years | 27 years |
| David Smith<br>MD Portfolio Advisory | 25+ years | 10 years |
| Dax Cummings<br>MD Business Dev | 25+ years | 10 years |
| Carl Erickson<br>Sr. EVP Strategy | 25+ years | 14 years |

# Business Verticals

## Business verticals develop end-to-end credit card solutions for bank clients

### Strategic Partnerships

**Created over 6,000 partnerships with balances in excess of $150 billion**

**Long-term contracted relationships with major financial institutions to manage and advise on co-branded credit cards and partnership portfolios**

**Development**
- Proactive opportunity identification based on client's strategy and goals
- Ensure partnership is mutually beneficial at inception

**Portfolio Optimization**
- Improve relationships by identifying enhancement opportunities
- Optimize profitability and customer satisfaction

**Portfolio Sales**
- Transition co-branded cards from incumbent to acquiror
- Minimize value destruction during this process

### Portfolio Advisory

**Brokered over 500 portfolios totaling over $50 billion in assets**

**Advisory and transaction services focused on co-brand and partnership credit card portfolios with expanding capabilities in other financial products**

**Advisory Services**
- Strategy development
    - Exit, re-entry and carve-out
    - Transition and execution
    - Optimization
- Partner selection and execution
- Contract negotiations / restructures
- Joint ventures and alliances
- Divestitures

**Transactional Services**
- Valuation and analysis
- Due diligence
- Contract negotiations

### Risk-Based Marketing Advisory and Funding

**Invested over $800 million generating 4 million+ new customer relationships**

**Marketing services and funding new credit card & product launches**

**Origination / Growth Funding**
- Assist US and international clients overcome common challenges:
    - Budget constraints
    - Limited capabilities
    - Matching revenues to expenses
- KG fees based on performance over time

**Advisory Services**
- Strategic marketing and planning
    - Overall marketing strategy
    - Product differentiation
    - Channel development
    - Cost analysis and reduction
- Full range execution and data analytics capabilities

# Case Study: Strategic Partnership

**Situation**

- Significant bank client requested an optimization of its existing annuity contract (i.e. de-risked and expanded)

**Solution**

- De-risked and expanded contractual relationship provides long-term benefits to both parties:
  - Accelerated annuity payments with ~$83 million received as an upfront cash payment
  - Removal of key-man termination provisions
  - Existing annuity payments converted to annual fixed payments over the term
  - Expanded KG's exclusive advisor on all renewals and divestitures of co-brand portfolios (i.e. incremental annuity flows)

**Result**

- Right to new co-brand portfolio transactions
- New divestitures awarded - 2 mandates
- Expanded strategic partnership with bank partner, including regular participation in strategic planning related to all of its credit card business

# Case Study: Portfolio Advisory

**Situation**

- Shareholder pressure for a retailer to sell subsidiary bank and its multi-billion dollar credit card portfolio
- Client bank was interested in purchasing the retailer's bank and was selected after a lengthy RFP process with KG closely advising the acquiring bank
- After winning the RFP, the acquiring bank learned that the regulator would likely block the acquisition

**Solution**

- KG devised an alternative solution that introduced another bank into the process to purchase the bank and depository relationships and allow KG's client to purchase the credit card portfolio

**Result**

- KG earned a significant transaction fee as well as ongoing annuity fees based on the portfolio outstandings

# Case Study: Risk-Based Marketing

**Situation**

- U.S. regional bank expressed interested in migrating their HELOC acquisition marketing to a pay-for-performance model

**Solution**

- KG put in place a performance-based program for the HELOC product and began funding marketing in 2017
- Subsequently, KG and the bank expanded the relationship and began funding checking account acquisition marketing in early 2018
- KG then began providing advisory services, creative services and funding for the bank's credit card products in mid 2018

**Result**

- As a result of the success of the program, KG and bank have extended the risk-based marketing agreements several times since inception
- 2018 funding levels grew 3x to ~$25 million over 2017, with further expansion underway for 2019+
- Enabled bank to increase customer acquisition, accelerate growth, better align costs with revenues and reduce per account origination costs

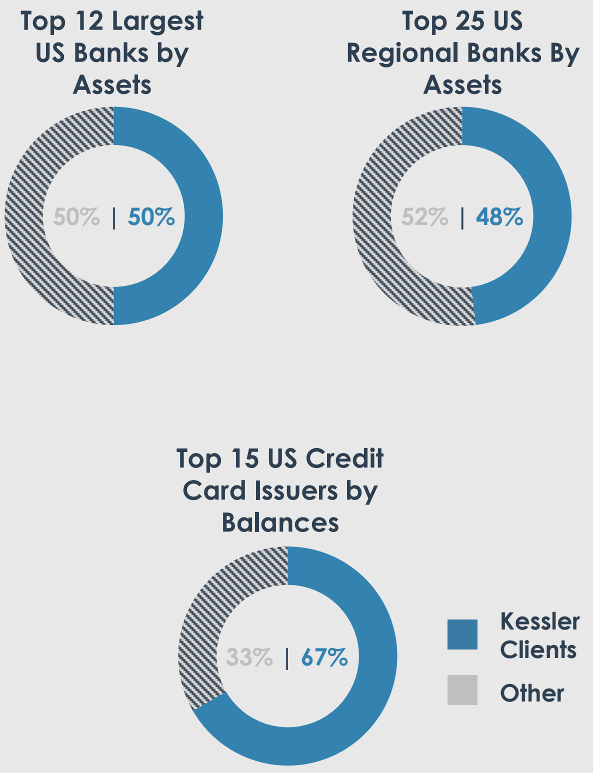
# KG's Differentiators & Reach

## Differentiators

- Undisputed leader in financial services marketplace for 30 years
- Multidimensional partnerships with the largest financial institutions
- C-suite level relationships across major global banks, credit card companies, payment networks, major affinities and other organizations
- High-margin, recurring business opportunities with downside protection via guaranteed cash flow streams for the next 5+ years
- A pay-for-performance model that ties KG's success to that of its clients
- Diverse and well-apportioned sources of revenue
- Unique, replicable and scalable intellectual property that can be extended globally
- Duplicate credit card business model in related verticals

**KG's continued growth and success is enabled by a transformative approach and team of professionals who constantly assess market developments and opportunities**

## Industry Footprint



# Addressable Market & Future Outlook

- ~$250 billion in co-branded credit card receivables
- Typical programs have a five-year term putting ~**$50 billion** in **partnership assets** in play each year

- US banks spend over **$3 billion in direct mail** product marketing each year
- A similar amount is spent on digital advertising; **total marketing spend to over $6 billion**

## Strategic Partnerships

- Continue to strategically grow cornerstone relationships via new, multi-billion dollar partnerships
- Utilize experience and expertise to create new relationships with long-term agreements
- Leverage strategic realignment in client partnership portfolios to create incremental annuity relationships

## Portfolio Advisory

- Innovative structuring of credit card portfolio deals to deliver new value to top card issuers
- Added capabilities across broader banking product universe creates additional revenue opportunity

## Risk-Based Marketing Advisory and Funding

- Multi-year agreements in place to fund $160MM+ in marketing across multiple consumer products and marketing channels over the next 3 years
- Significant expertise and capabilities to direct marketing spend through both direct mail to digital channels
- Growth plan to achieve 3x current funding levels over the next 4 years

# The KG Impact: Results

## KG Client: Top 10 Retail Bank

**Services utilized by vertical:**

Strategic Partnerships | Portfolio Advisory

**Since 2012 KG has delivered:**

- Strategic advice on long-term co-brand credit card partnership business for a large issuer
- Secured mandates on $45 billion in co-brand credit card portfolio acquisitions
- Executed 20 program extensions and renewals
- Advised on 5 non-strategic co-brand credit card portfolio divestitures

## KG Client: Top 10 Retail Bank

**Services utilized by vertical:**

Strategic Partnerships | Portfolio Advisory | Marketing Advisory | Marketing Funding

**Since 1990 KG has delivered:**

- Delivered merchant processing volume from 125+ banks representing ~15% of total merchant processing volume
- Advised on the acquisition & growth of ~$5.5 billion of total co-brand portfolios
- Delivered ~ 90 million pieces of mail annually producing significant cost savings
- Funded ~$30 million in risk based marketing

# Credit Risk by Customer

## KG credit risk limited to counterparty exposure

*The Kessler Group's customers are predominantly large, federally-regulated financial institutions with investment grade credit ratings*

| Entity | Primary Strategic Division | Debt Rating | Length of Relationship (Years) | Annual Fees Earned |
|---|---|---|---|---|
| **A** | Strategic Partnerships | **Baa1 (BBB)** Senior Unsecured | 15+ | $15-20MM |
| **B** | Strategic Partnerships | **A1 (A+)** Senior Unsecured | 10+ | $10-15MM |
| **C** | Strategic Partnerships | **Baa3** Senior Unsecured | 15+ | $2-5MM |
| **D** | Strategic Partnerships | **n/a** Senior Unsecured | 10+ | $3-7MM |
| **E** | Portfolio Advisory | **A3 (A-)** Senior Unsecured | 35+ | $2-10MM |
| **F** | Portfolio Advisory | **A3 (A-)** Senior Unsecured | 15+ | $1-10MM |
| **G** | Portfolio Advisory | **A3 (BBB+)** Senior Unsecured | 20+ | $1-3MM |
| **H** | Risk-Based Marketing | **BBB+ (BBB+)** Senior Unsecured | 2+ | $2-5MM |
| **I** | Risk-Based Marketing | **Aa1 (AA-)** Senior Unsecured | 2+ | $3-5MM |
| **J** | Risk-Based Marketing | **Baa3** Senior Unsecured | 1 | $1-3MM |
| **K** | Multi-Channel Marketing | **A1 (A+)** Senior Unsecured | 25+ | $5-10MM |

KESSLER | GROUP

# 2019 Guidance

## KEY HIGHLIGHTS

- Entered into expanded strategic partnership agreement with a significant long-term client
- Expect Strategic Partnership vertical to continue to add new relationships and long-term contracts given current pipeline
  - KG ongoing total contracted annuity income ~$200 million
- Portfolio advisory off to a great start in 2019 with a strong pipeline for the remainder of the year
- Risk-based marketing funding expected to generate net revenue of ~$15 million in 2019

| Income Statement (US$ millions) | 2019 Forecast Range | |
|---|---|---|
| Revenue | 86 | 90 |
| EBITDA | 45 | 48 |
| Adjusted operating income before tax (100%) | 42 | 45 |
| Adjusted operating income before tax (ECN share) | 32 | 34 |
| EBITDA margin | ~52% | ~53% |

# Triad Financial Services

**Presenter: Don Glisson, Jr.**

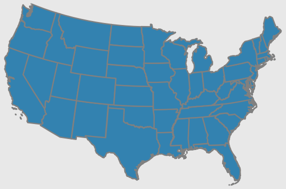
# Business Overview

- Triad is **the oldest manufactured** housing finance company; 1959
- Headquartered in Jacksonville, FL; operates in 44 states providing primarily prime and super-prime loans to consumers for manufactured homes
- Triad sells loans to an established network of **over 50 banks and credit unions**
- Originations are sourced through long established national network of dealers and manufacturers
  - Continued mid-teen % growth in originations in 2019
  - ECN has proven ability to **unlock additional growth** potential
  - Significant growth of managed portfolio given longer duration asset and increased servicing penetration

**Longest Tenured US MH Finance Company**

**3,000K+**

network of dealer relationships nationally



**44 States**

active today

**50+**

loan funding partnerships with financial institutions

# Triad Financial Services - Leadership

**Don Glisson Jr.**
**CEO**

- Don Glisson Jr. is Chief Executive Officer of Triad Financial Services.
- 30+ years of manufactured housing industry experience
- Under Don's leadership, Triad has been honored with a number of industry and community awards during the last ten years, including being named by The Manufactured Housing Institute (MHI) as the National Lender of the Year
- Former Executive Chairman of the Jacksonville Bank, a NASDAQ publicly traded Bank and the largest community Bank in Northeast Florida.
- Don was given the Chairman's Award from MHI in 2010 for his efforts on behalf of the Manufactured Housing Industry.

# Management Depth

## Overview

- Experienced, cohesive management team with average tenure of 25 years with Triad
- Headquartered in Jacksonville, FL
- 3 office locations strategically located across the country
- 12 regional managers spread between offices
- In-house servicing team achieving industry leading performance
- Infrastructure built to scale

## Experienced Leadership and Proven Management Team

| Name/Title | Industry Experience | Triad Experience |
|---|---|---|
| Don Glisson<br>CEO | 35 years | 35 years |
| Michael Tolbert<br>Executive Vice President | 23 years | 13 years |
| Seth Deyo<br>Chief Financial Officer | 29 years | 18 years |
| Danielle Howard<br>Chief Compliance Officer | 29 years | 18 years |
| Ross Eckhardt<br>President Midwest | 43 years | 43 years |
| Anthony Glass<br>SVP-Servicing | 20 years | 20 years |

# Manufactured Homes: The "What" and "Why"

## **What** are manufactured homes?

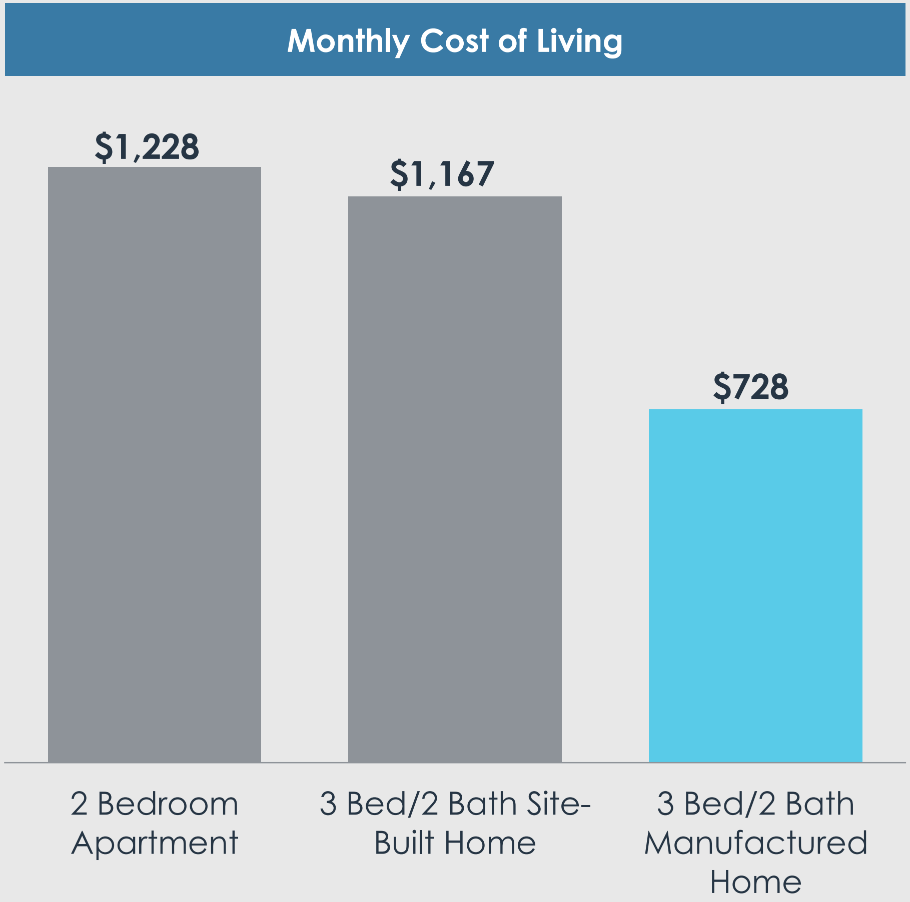
- Manufactured homes are prefabricated houses that are constructed in a factory and then assembled at the building site in sections
- There are **8.6 million manufactured homes nationwide**, representing **~10% of the single family housing stock**

## **Why** are manufactured homes appealing?

- Manufactured homes are attractive relative to site-built homes because:
  1. The cost of construction is considerably less
     - ~55% cheaper per square foot
  2. The time to construct is usually considerably less
     - 8 to 12 weeks from order to finished product
     - Currently seeing backlogs – not enough manufacturing capacity to meet demand
- While just like site-built homes, they are:
  - Customizable with a variety of designs, floor plans and amenities
  - Often indistinguishable from site-built homes and fully compatible with neighborhood architectural styles
  - Conforming to federal and local building codes – HUD-certified upon leaving factory

# MH is an Affordable, Attractive Alternative

- Manufactured housing is far cheaper on a monthly basis than alternatives
  - Typical monthly cost **~40% less** than equivalent site-built housing or apartment rental
  - Site-built closing costs are **double MH closing costs** at an average of $2,500 vs. $1,250
  - Unique, unsubsidized affordable housing
- Durability – MH homes adhere to both federal and state regulation
  - HUD Building Code Certification required prior to shipment



# Entrenched MH Finance Ecosystem

**Origination**

- Originations sourced through national network of dealers and manufacturers
- Estimated originations of ~$530MM in 2018; ~$606MM in 2019

**Under-writing**

- Prime credit with weighted average FICO of 749
- Strict credit criteria including FICO, income and DTI
- Average realized duration ~98 months
- Net charge-offs ~0.4% annually
- No recourse to Triad beyond initially established reserve account

**Funding + Servicing**

- Partnership with over 50 banks and credit unions
- Fee for originating and underwriting
- Ongoing fee for servicing
- ~$2.2BN outstanding at 9/30/18
- Separate fee for business servicing third-party MH portfolios

TRIAD FINANCIAL SERVICES since 1959

**Creating value for consumers, dealers and bank partners with MH finance**

# Business Verticals

## Three Business Verticals

### Manufactured Housing Loans

**High credit quality secured consumer loans**

**Description**
- Agreements with over 50 banks and credit unions for the sale of originations
- Triad is not directly exposed to credit risk, however, they establish a reserve account with the lending partner as a first-loss pool
- No recourse beyond reserve account

**Statistics (average LTM)**
- FICO 749
- Loan Rate 6.9%
- Down Payment 18.2%
- Term 230-months
- Chattel 86.6%

**~70% of Originations**

### Managed Only

**Assist third parties in Servicing/Originating**

**Description**
- Assist third-parties in servicing, underwriting, and originating MH loans
- 100% funded by third-party with NO RECOURSE
- Triad services all loans for an ongoing servicing fee and completes underwriting / origination services for a flat fee

**Statistics (average LTM)**
- FICO 609
- Loan Rate 8.7%
- Down Payment 11.4%
- Term 210-months
- Chattel 99.9%

**~30% of Originations**

### Floorplan

**Provide dealers with floorplan financing**

**Description**
- Provide financing to dealers for manufactured homes
- Financing used for:
  - Display Inventory (~2-year duration)
  - Homes completed by manufacturer awaiting final onsite completion (<30-days duration)
- Offered only to established dealers to drive additional MH Loan growth
  - Early results indicate increasing market share
- Loan Rate: 7.6% (average LTM)

# Case Study: Manufactured Home Loan

## CHALLENGE

### Consumer

- Limited financing solutions to purchase an affordable Manufactured Home

### Financial Institution

- Lack the presence and/or experience in the industry

## SOLUTION

### Consumer

- Manufactured Housing Dealer recommends Triad
  - Triad has a long-standing relationship with its national network of dealers
  - Dealer participates in Triad's Floorplan program
  - Dealers recognize Triad as a top customer service organization – vetted by regulators

### Financial Institution

- Purchase a consumer loan from Triad
  - Attractive Yield
  - Low Credit Risk – Reserve account provides credit and pre-payment protection
  - Proven track-record

## OUTCOME

- Consumer secures financing
- Dealer confident financing is secure – orders home
- Financial Institution purchases high quality loan
  - Reserve Account protection
  - Managed by Triad – industry experts
- Loans Outstanding of \$2.2 billion[1]

*1. As of 3Q 2018*

# Case Study: Managed Only

## CHALLENGE

### Community Owner

- Limited to no financing solutions for many community situated consumers
- Community Owners have capital but lack infrastructure and licensing to make loans

## SOLUTION

### Community Owner

- Community Owner leverages Triad's infrastructure for turnkey solution
  - Triad ensures documentation compliance
  - Triad adjudicates consumer applications to the Community Owners credit requirements
  - Triad manages loans
  - No Triad recourse or capital at risk – fee only

## OUTCOME

- Community Owner sells home
- Loans managed by Triad with capital provided by the community owner
- ~30% of total originations are Managed Only
- Triad partners with many top community owners (including 8 of the top 10 in the U.S.)

# Case Study: Floorplan

## CHALLENGE

### Dealers

- Dealers required to pay for home once manufacturer is finished
- Site-work and/or weather may necessitate additional time before a lender funds the loan
- Tying up capital could slow sales or require heightened net working capital

## SOLUTION

### Dealers

- Approved dealers use a Floorplan line from Triad to pay the manufacturer while they await completed loan proceeds
- Triad receives full repayment guarantee from manufacturer

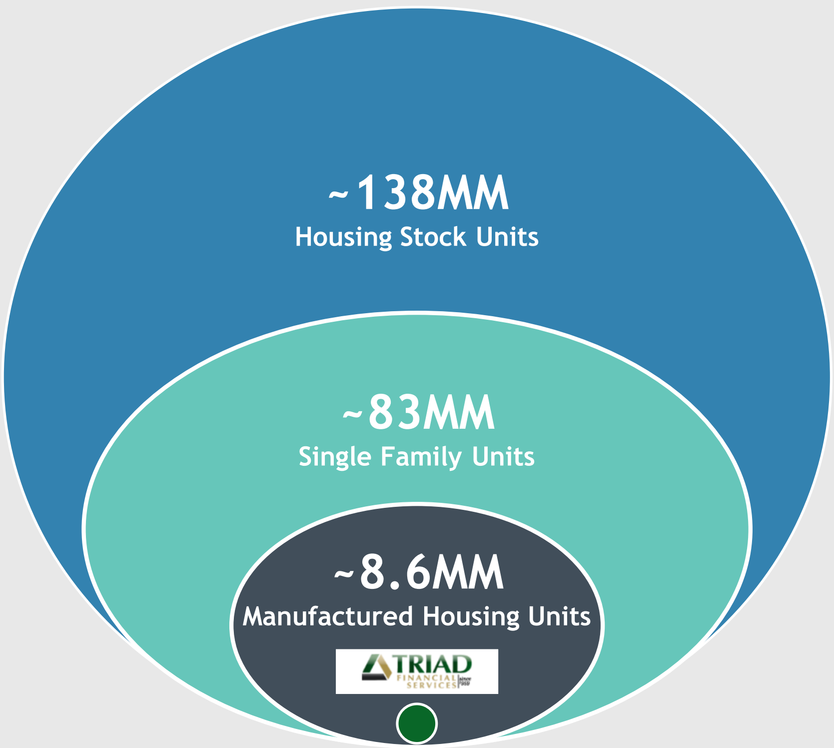
## OUTCOME

- Dealer focuses on home sales
- Dealers further integrated with Triad
- Early results indicating increasing market share for MH Loans
- $67.5 million Floorplan loans outstanding[1]

*1. As of 3Q 2018*

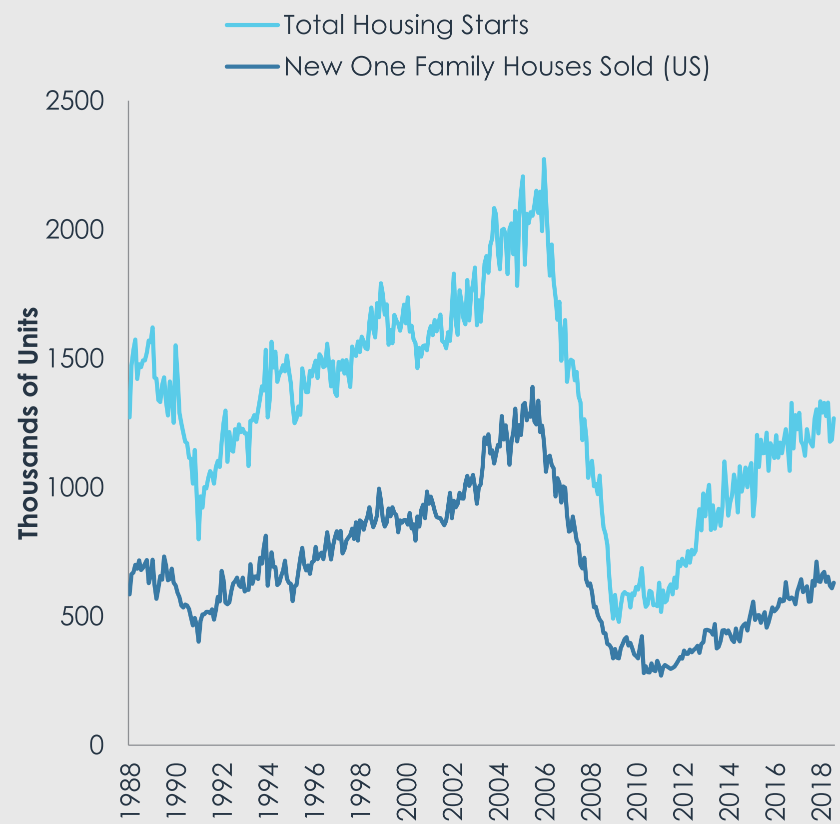
# Large US Housing Market

## US Residential Housing Market[1]




**Total US Housing Stock value of ~$32TN[2]**

## Total US Housing Starts and Sales[1]

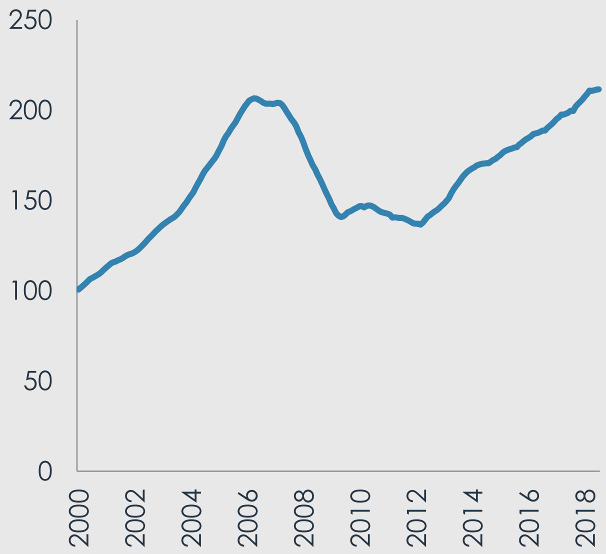



1. *Federal Reserve Economic Data – St. Louis Fed as of Q2 2018*
2. *Zillow Research*

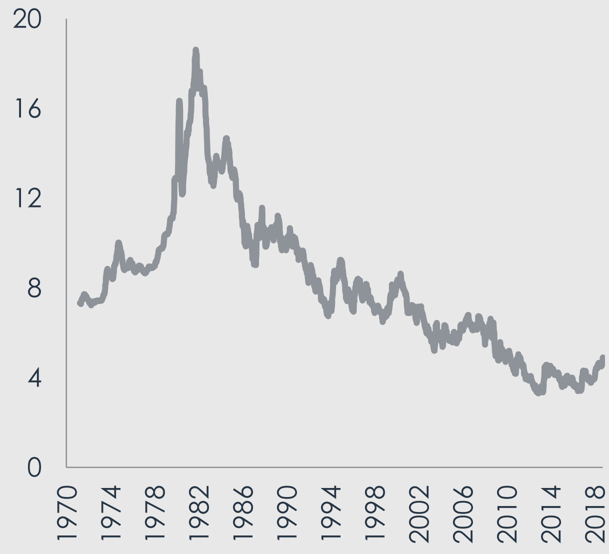
# Positive Indicators for MH Industry

**Housing affordability is in decline** + **Mortgage rates are rising after a decade of low rates** = **MH relative attractiveness improving**

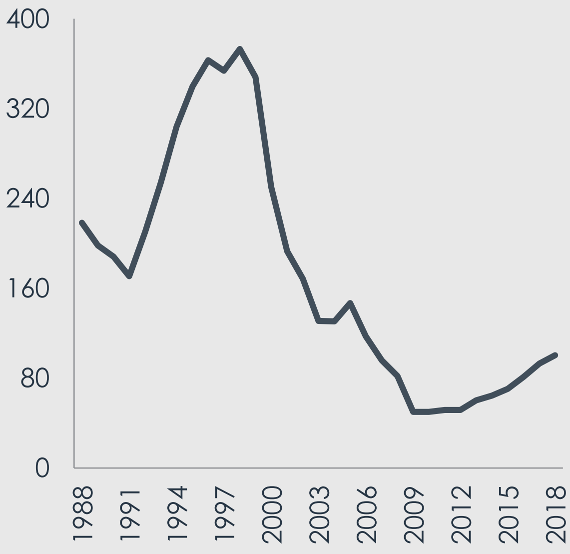
**S&P / Case-Shiller US Home Price Index, 20 City Composite: 2000 - 2018**




**30-Year Fixed Rate US Mortgage: 1971 - 2018**




**Shipments of New Manufactured Homes: 1988 - 2018**




**Manufactured Housing is likely to continue to see increased shipments as rising home costs and interest rates encourage consumers to seek cost effective options**

*Source: Federal Reserve Economic Data – St. Louis Fed as of Q2 2018*

# Diversified Manufacturer Base

## Manufacturers

- Triad has been a consistent financing partner for the manufactured housing industry since 1959
- Highly diversified and well-penetrated network of manufacturers across the industry
- Manufacturer network produces the full range of available product options for consumers nationwide
- Collectively the manufacturers build homes coast to coast in the continental U.S.
- Floorplan program further builds manufacturer loyalty and drives additional growth in MH originations

| Manufacturer | % of Total[1] |
|---|---|
| Manufacturer 1 | 10.9% |
| Manufacturer 2 | 10.3% |
| Manufacturer 3 | 9.9% |
| Manufacturer 4 | 6.8% |
| Manufacturer 5 | 5.3% |
| Manufacturer 6 | 5.1% |
| Manufacturer 7 | 3.8% |
| Manufacturer 8 | 3.5% |
| Manufacturer 9 | 3.3% |
| Manufacturer 10 | 2.5% |
| Manufacturer 11 | 2.2% |
| Manufacturer 12 | 2.2% |
| Manufacturer 13 | 2.1% |
| Manufacturer 14 | 1.6% |
| Manufacturer 15 | 1.5% |
| Manufacturer 16 | 1.4% |
| Manufacturer 17 | 1.4% |
| Manufacturer 18 | 1.1% |
| Manufacturer 19 | 1.1% |
| Manufacturer 20 | 1.1% |
| All Other Manufacturers | 23.0% |
| **Total** | **100.0%** |

*1. YTD as of 3Q 2018, not including Managed Only*

# Diverse, Well-Capitalized Funding Partners

| Funding Partner | % of Total[1] | Length of Relationship (Years) |
|---|---|---|
| A – Bank | 14.7% | 14 |
| B – Credit Union | 7.4% | 9 |
| C – Credit Union | 6.6% | 4 |
| D – Credit Union | 5.5% | 5 |
| E – Credit Union | 4.5% | 13 |
| F – Credit Union | 4.5% | 13 |
| G – Bank | 4.4% | 2 |
| H – Bank | 3.6% | 14 |
| I – Bank | 3.1% | 6 |
| J – Credit Union | 2.5% | 13 |
| K – Credit Union | 2.5% | 3 |
| L – Credit Union | 2.2% | 13 |
| M – Bank | 2.1% | 19 |
| N – Bank | 2.1% | 2 |

**Total Loan Portfolio**

Loans Outstanding $2.2BN

Avg. Customer Balance Funded ~$51,500

W.A. Life 98 months

**Current Funding Partners**

Banks

Credit Unions

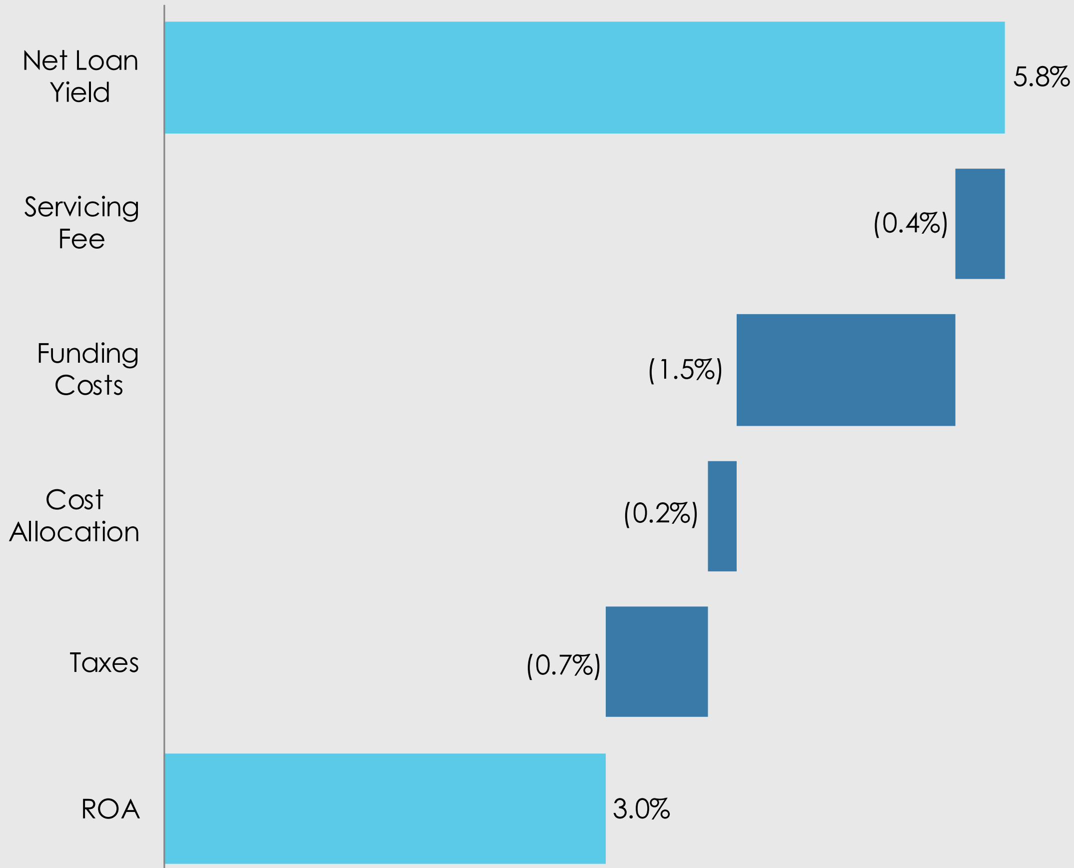
**Additional Future Partners**

Life Insurance Cos

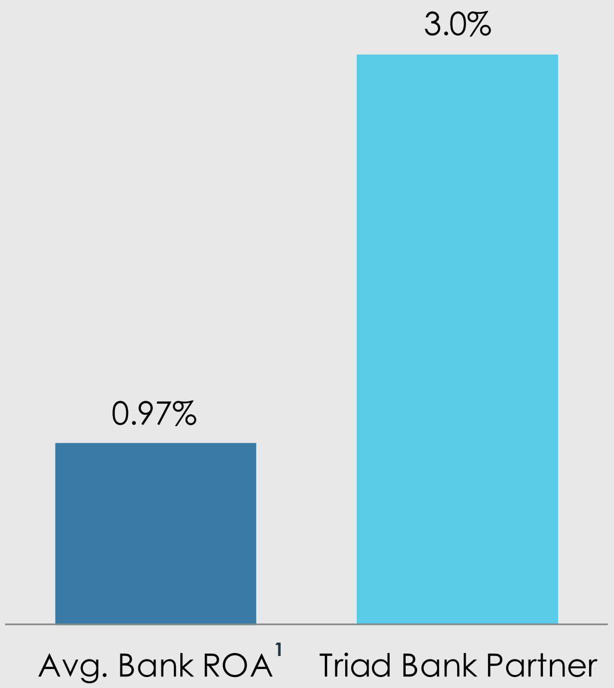
*1. YTD as of 3Q 2018, not including Managed Only*

# Loan Economics to Partner

## Bank Partner Unit Economics[2]




## Comparative ROAs

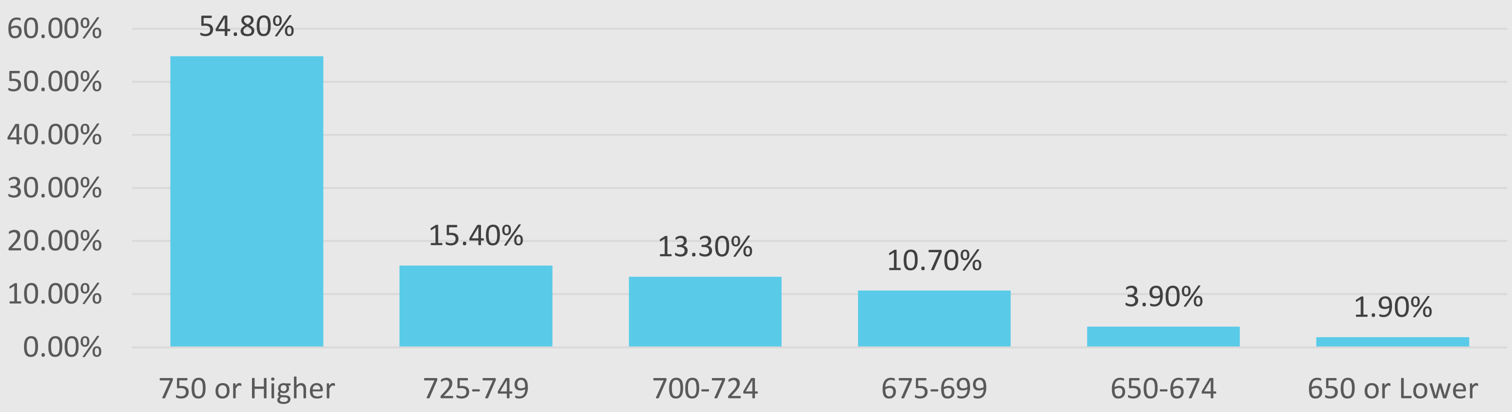



1. *Source: SNL Financial; 3Q'18 LTM ROAA for US Commercial and Savings Banks*
2. *Credit losses expected to be 0.0% due to reserve account established upon sale*

# Attractive Prime and Super-Prime Consumers

- Triad is the market leader originating and servicing prime & super-prime manufactured housing loans
  - Average FICO of 749
  - Annualized net charge-offs (NCOs) of ~0.4% for loans
  - Peak annualized NCOs 1.3% in 2010 – housing crisis & consumer recession
- Zero expected net losses to lending partners through reserve account established at funding
  - Triad recourse limited to reserve account
  - Excess reserves returned to Triad over time

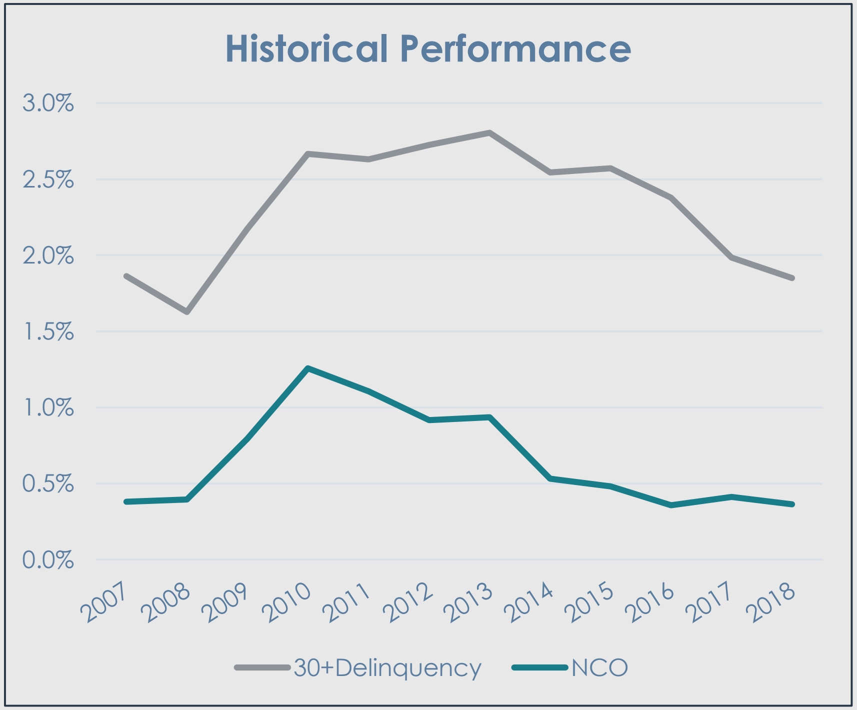
## TRIAD FICO DISTRIBUTION[1]

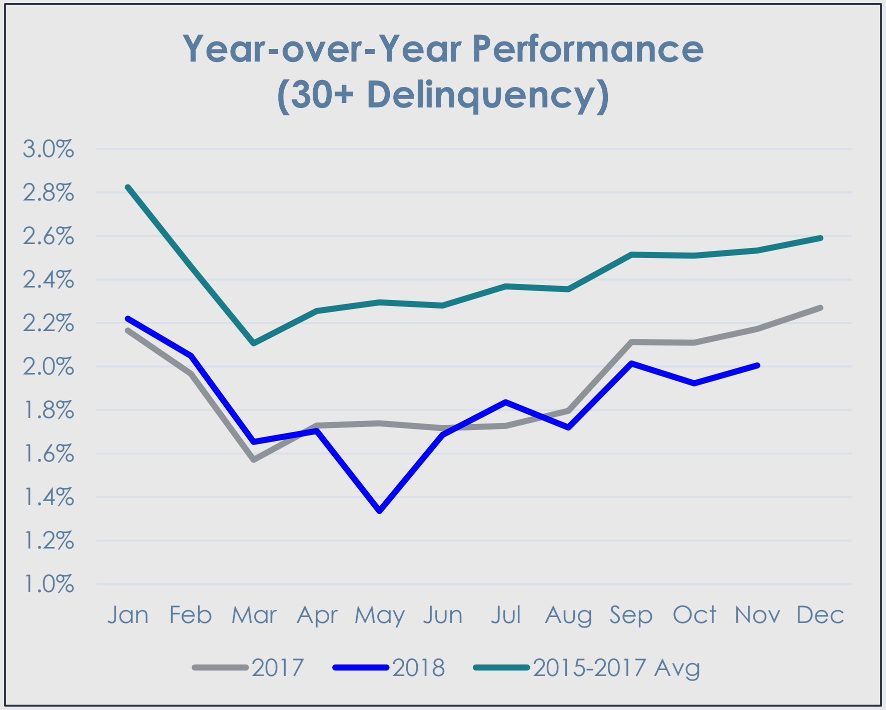



*1. Reflects MH Loan originations sold to bank network*

# Economic Resilience

## Time Tested Portfolio Performance




**Credit Crisis peak annualized charge-offs of just 1.3%**

Note: performance statistics measured in units

# Identified, Attainable Growth Opportunities

## Community Programs

- Loans for manufactured homes in communities
- Targeting community owners and community-based consumers

## Extended Warranty

- Warranty product to extend manufacturers' typical 1-year policy
- Partnering with a major insurance company

## Commercial Modular


- Loan product to finance pre-fabricated commercial projects
- Due diligence proceeding

TRIAD FINANCIAL SERVICES since 1959

# 2019 Guidance

## KEY HIGHLIGHTS

- 2019 operating income before tax in line with acquisition guidance
- Originations projected to grow ~15% in 2019 at the midpoint from previously forecast 2018 guidance
    - Floorplan initiatives showing progress on increased core MH market share
    - Manufactured Housing Industry positioned for increasing shipment rates as an affordable housing solution
- Servicing penetration continues to rise leading to increased ongoing revenue streams
- Adjusted operating income growth of ~18% in 2019 at the midpoint compared to 2018 previous forecast
- Positioned to scale – margins continue to expand
- Financial partner demand continues to increase

| Select Metrics (US$ millions) | 2019 Forecast | |
|---|---|---|
| Total originations | 600 | 620 |
| Floorplan line utilized | 100 | 110 |
| Managed & advised portfolio (period end) | 2,500 | 2,600 |
| **Income Statement (US$ millions)** | **2019 Forecast** | |
| Revenue | 55 | 60 |
| EBITDA | 26 | 30 |
| Adjusted operating income before tax | 22 | 25 |
| EBITDA margin | ~47% | ~50% |

# Service Finance Company

**Presenter: Mark Berch**

# Business Overview

SERVICE FINANCE COMPANY, LLC

- Founded in 2004, Service Finance Company (SFC) utilizes a **technology-driven platform** to originate prime & super-prime loans to finance home improvement projects
- Fully-licensed sales finance company and third-party servicer in all 50 states and D.C.
- **~9K relationships** with major dealers, manufacturers and trade associations across the US
- **$4B+ originated to date** with a keen focus on safe and sound lending practices and compliance
- SFC has sold loans to 20 FDIC insured institutions - **zero objections or negative comments during formal examinations** by and through all bank counterparties

**Zero objections**
or negative comments in regulatory exams

**~9K**
network of dealer relationships nationally

**$4B+**
loans originated to date

**15**
current loan funding partnerships with financial institutions

*Note: Use of the term "Loan" and "Borrower" in this presentation is for ease of reference only. Financings are in the form of retail installment contracts ("RIC")*

# Service Finance - Leadership

**Mark Berch**
**President**

- Mark Berch is the Founder and President of Service Finance
- 30+ years of home improvement industry experience
- Prior to founding Service Finance Company, Mr. Berch spent more than 20 years as a principal founder and operator in several home improvement companies
- Previous management positions at San Diego Carpet Care, International Chemical and Supply, and United Restoration, LLC
- Member of the executive advisory board of the National Association of Professionally Accredited Contractors (NAPAC)

# Management Depth

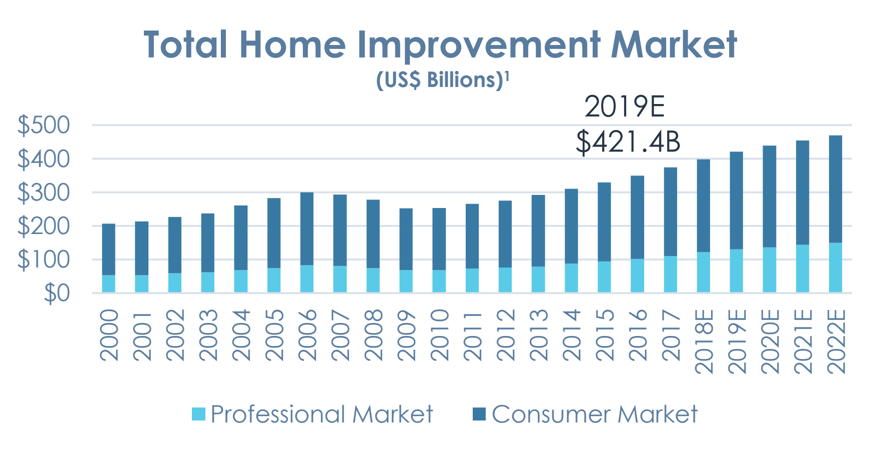
## Overview

- Experienced, cohesive management team with average industry tenure of 20+ years
- Headquartered in Boca Raton, FL
- Fully licensed consumer lender in all 50 states
- In-house servicing team achieving industry leading performance
- Infrastructure built to scale

## Experienced Leadership and Proven Management Team

| Name/Title | Industry Experience | SFC Experience |
|---|---|---|
| Mark Berch<br>President | 35 years | 14 years |
| Ian Berch<br>COO | 33 years | 14 years |
| Steven Miner<br>Legal & Compliance | 10 years | 10 years |
| Eric Berch<br>CFO | 33 years | 14 years |
| Gary Lobban<br>VP Servicing | 30 years | 14 years |
| Chuck Upshur<br>VP Business Dev | 15 years | 7 years |
| Gilbert Rosario<br>VP IT Infrastructure | 15 years | 5 years |

# Market Opportunity



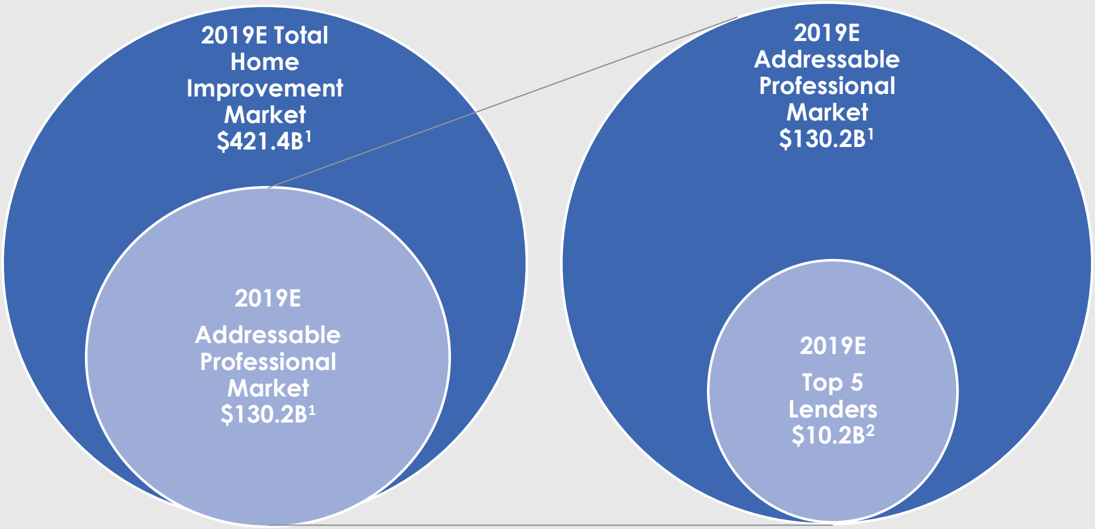


- 58% of US homeowners (87 million+ in total) plan to make home improvements; ~50% of those homeowners spend $5,000 or more[2]
- 70% of homeowners are considering financing for their home improvement project[3]
- HIRI estimates the home improvement market will surpass $420B in 2019 & continue to grow thereafter[1]
- The professional home improvement market, Service Finance's addressable market, is estimated at $130.2B in 2019, and expected to grow to $149.7B in 2022[1]
- Addressable professional market has grown at a CAGR of ~5% since 1992

*1 Source: Home Improvement Research Institute Forecast Update September 2018*
*2 Source: US Census, 2018 Lightstream Home Improvement Survey*
*3 Source: Modernize Homeowner Survey Index: Q4 2018*

# Addressable Market with Low Penetration

- Est. addressable market of $130.2B
- Top five originators account for an est. $10.2B or ~8% of the available market[2]
- $120B of potential market currently financed with cash, credit cards and/or HELOC's
- Installment credit is the fastest growing segment; expected grow to up to 20% market share within the next five years
- Service Finance is well positioned




| 2019E Top 5 Originations ($B)[2] | |
|---|---|
| Service Finance | $1.7 |
| Greensky | $4.2 |
| Wells Fargo | $2.5 |
| Synchrony | $1.0 |
| EnerBank | $0.8 |
| Total | $10.2 |
| **2019 Estimated Addressable Market** | |
| Total Addressable Market | $130.2 |
| Top 5 Est Originations | $10.2 |
| **Additional Opportunity** | **$120.0** |

*1 Source: Home Improvement Research Institute Forecast Update September 2018*
*2 ECN estimates; SFC origination estimate at the midpoint of guidance range*

# Superior Competitive Position

| | WELLS FARGO | synchrony BANK | EnerBankUSA | GreenSky | SERVICE FINANCE |
|---|---|---|---|---|---|
| Consistent Dealer Fees[1] | ✗ | ✗ | ✗ | ✗ | ✓ |
| Hidden Fees[2] | ✓ | ✓ | ✓ | ✓ | ✗ |
| Wide Selection of Finance Options[3] | ✗ | ✗ | ✗ | ✗ | ✓ |
| **True** No Interest/No Payment Options | ✗ | ✗ | ✓ | ✗ | ✓ |
| Application via Mobile App | ✗ | ✓ | ✗ | ✓ | ✓ |
| Online Consumer Application[4] | ✓ | ✓ | ✓ | ✓ | ⊖ |
| Loan Terms up to 20 Years | ✗ | ✗ | ✓ | ✗ | ✓ |
| No dealer fee loans | ✗ | ✗ | ✗ | ✓ | ✓ |
| No Paperwork/Sales Slips Required[5] | ✗ | ✗ | ✗ | ✓ | ✓ |
| Progress Payments Available | ✗ | ✗ | ✓ | ✓ | ✓ |
| Direct Pay to Manufacturer Available | ✗ | ✗ | ✓ | ✓ | ✓ |
| Dedicated Dealer Concierge | ✗ | ✗ | ✗ | ✗ | ✓ |
| 24/7 In-Season Hours | ✓ | ✓ | ✗ | ✗ | ✓ |

*1 Consistent pricing – having no changes in dealer fees over the last 12 months*
*2 Hidden fees can include but are not limited to interchange, card activation, minimum volume, ACH etc.*
*3 Options available for most every consumer credit type – no menus and no limitations*
*4 All providers have online consumer credit applications, however SFC's trails in functionality and user friendliness*
*5 SFC's new requirements, effective October 15, 2018, requires no work order, verification, and/or proof of ownership*

# "One-Stop" Shop for Dealers and Homeowners

1 HVAC

2 Gutters

3 Paint / Siding / Stucco

4 Roofing / Insulation

5 Bathroom Remodels

6 Solar Equipment

7 Windows / Doors Shutters

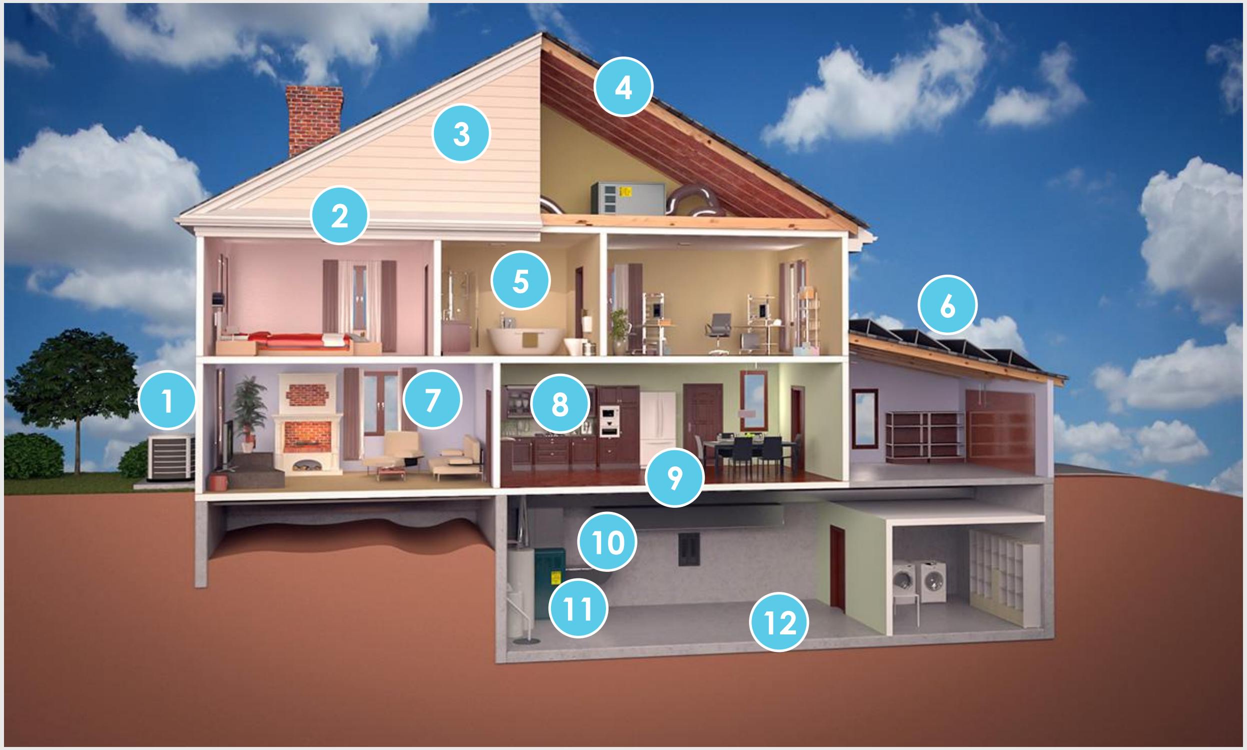
8 Kitchen Remodels

9 Flooring

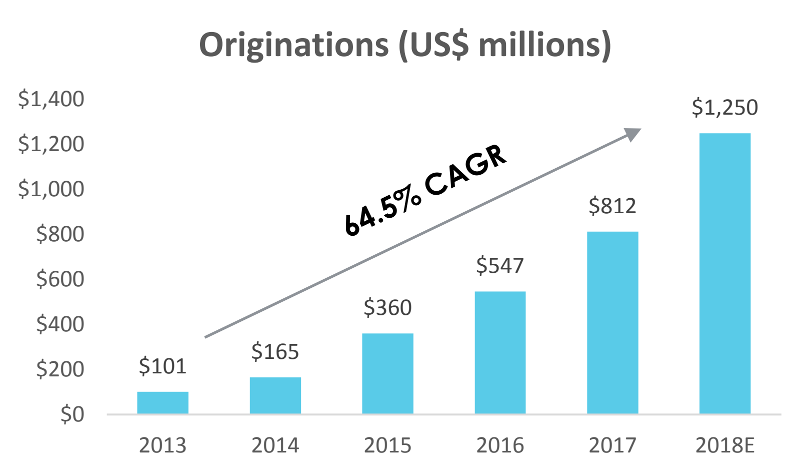
10 Duct Work

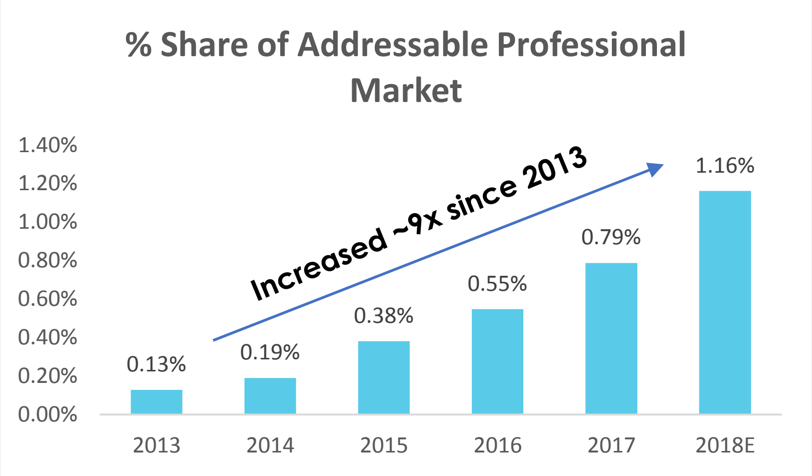
11 Water Heaters

12 Basement Refinishing



# Originations Market Share




Origination growth without changing credit profile; consistent underwriting profile drives continued funding partner acceptance

- Consistent Weighted Avg FICO of 760+
- Originations CAGR of 64.5% since 2013
- 2018 estimated origination growth of ~50% Y/Y

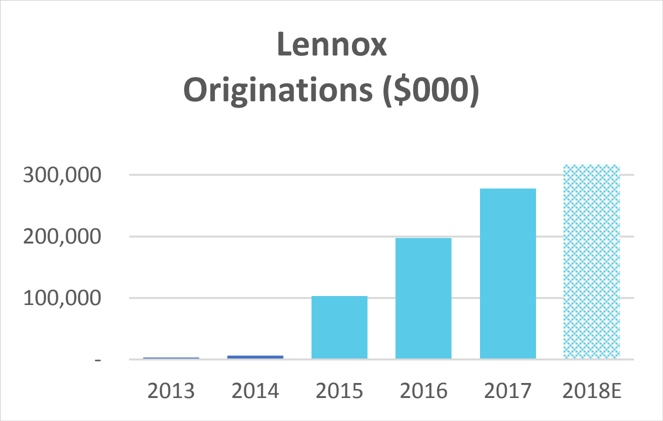
Huge market opportunity - taking share from cash, credit cards & HELOCs

- Origination growth is not dependent on taking share from existing competitors
- Only ~8% of the addressable market represented by top 5 competitors (slide 6)
- SFC originations represent just over 1% of its addressable market in 2018

# Take Share/Make Share

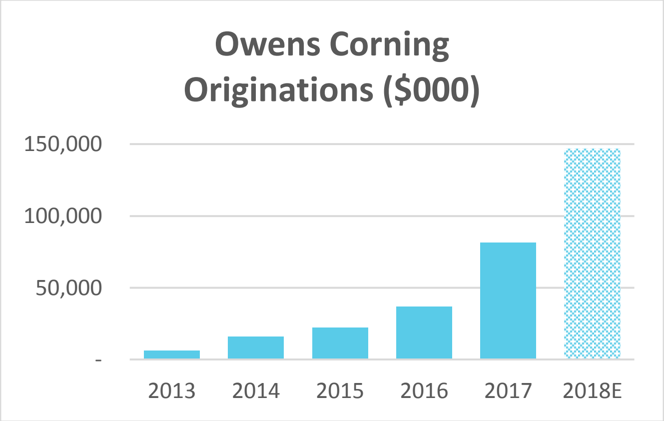
## Take Share - Lennox

- Demonstrated success in taking market share by displacing competing financing solution providers
- SFC displaced a competing provider and earned an exclusive contract to offer installment financing to the Lennox dealer network
- Service Finance has more than tripled financed volume for Lennox and increased the average ticket size by almost 2x



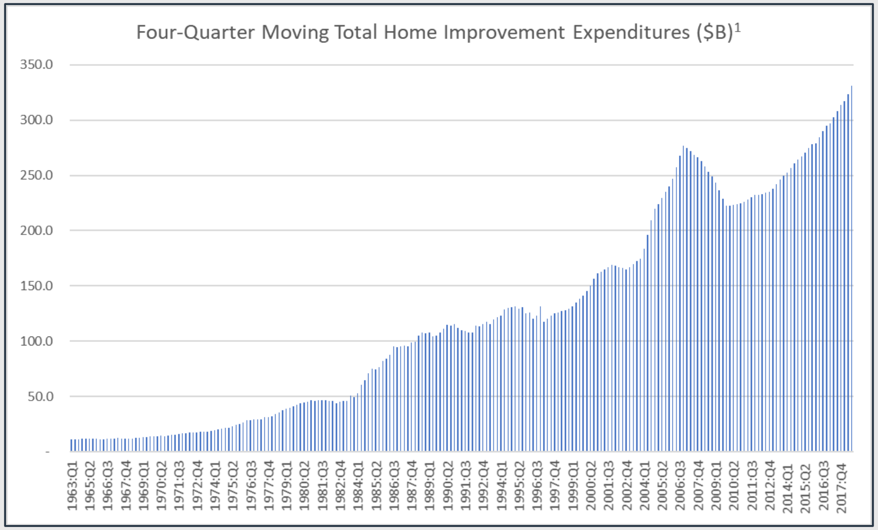

## Make Share – Owens Corning

- Demonstrated its ability to design and launch programs and make market share
- Owens Corning did not offer dedicated financing solutions through its dealer network
- SFC successfully designed, launched and grew a financing program for Owens Corning which has seen tremendous growth
- 2018 volumes on pace to grow ~70% Y/Y



# Resilient Long-Term End Market

The home improvement market has demonstrated its resilience through all economic conditions, as expenditures have increased steadily even through most recessionary periods




| Recession Start[2] | Recession End[2] | Total Expenditures Start ($B) | Total Expenditures End ($B) | % Change |
|---|---|---|---|---|
| 1969:Q4 | 1970:Q4 | 13.5 | 14.8 | 9.1% |
| 1973:Q4 | 1975:Q1 | 18.5 | 21.3 | 15.1% |
| 1980:Q1 | 1980:Q3 | 43.8 | 45.4 | 3.7% |
| 1981:Q3 | 1982:Q4 | 46.8 | 45.3 | -3.2% |
| 1990:Q3 | 1991:Q1 | 114.2 | 112.2 | -1.7% |
| 2001:Q1 | 2001:Q4 | 162.7 | 169.1 | 4.0% |
| 2007:Q4 | 2009:Q2 | 266.3 | 236.4 | -11.2% |

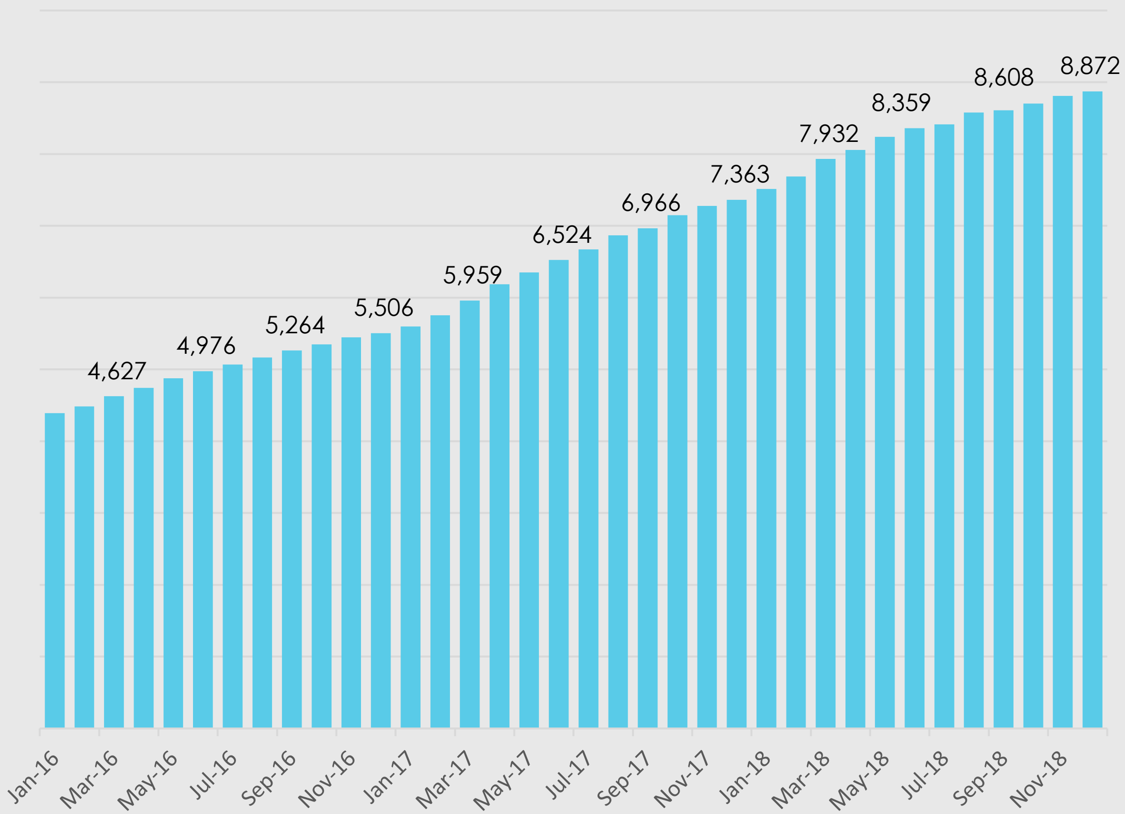
| | |
|---|---|
| ***Average Growth (Excluding Great Recession)*** | ***4.5%*** |
| ***Average Growth (Including Great Recession)*** | ***2.3%*** |

*1 Data from 1962-1996 from American Housing Survey; data from 1997 and beyond from Harvard Joint Centre for Housing Studies LIRA Index*
*2 Recessions as defined by the National Bureau of Economic Research*

# Why Dealers Choose SFC

## Process, Price & Platform

### Total Dealers

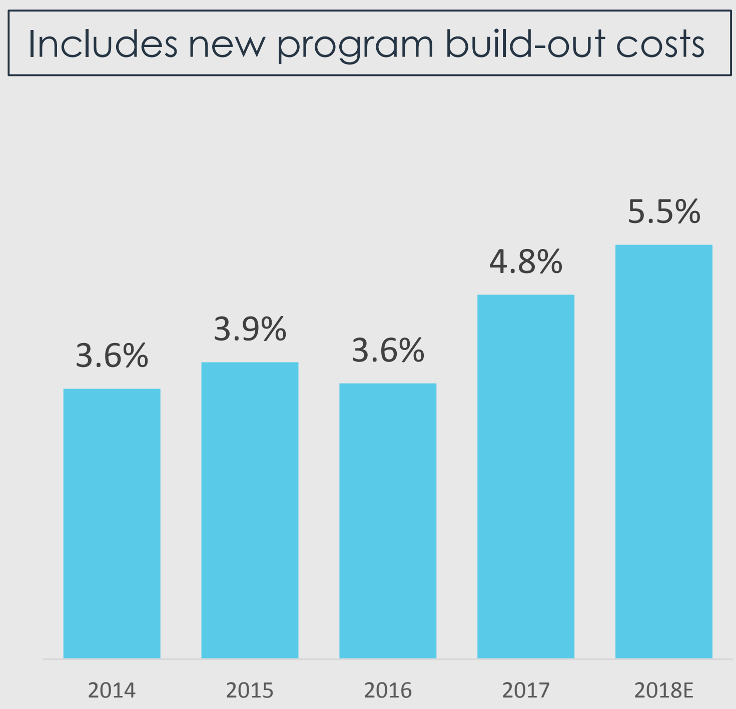



### Why Dealers Choose SFC

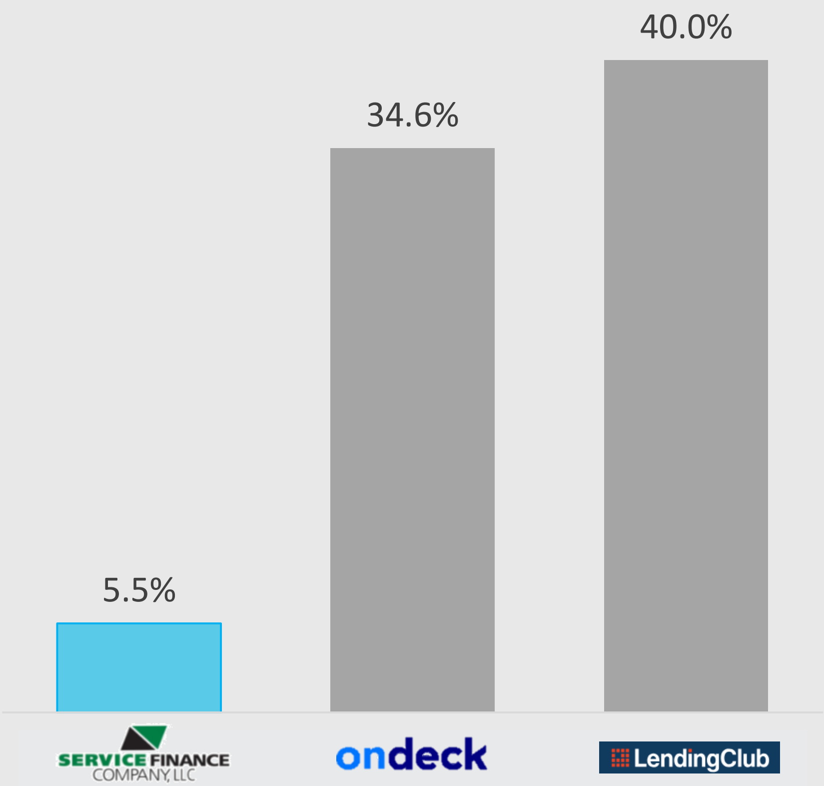
- ✓ Proven platform capable of driving higher sales finance volume **with no hidden fees**
- ✓ Increases sales by facilitating credit in real-time at the point-of-purchase
- ✓ Diverse product offerings that are compelling to consumers
- ✓ Unique payment process provides staged funding and faster payment
- ✓ Focus on superior customer service
- ✓ Consultative approach to help dealers grow their business
- ✓ Seamless, efficient online dealer enrollment; zero integration required

# Dealer Network Drives Low Customer Acquisition Costs[1]

## Historical CAC




## Comparative CAC[2]




*1. Customer Acquisition Cost = Sales and marketing expense divided by net revenue*
*2. Based on 2017FY publicly filed disclosures*

# Unique and Attractive Solutions for Banks…

| | Bank Partner Challenges | Service Finance Solutions |
|---|---|---|
| **Attractive Yields** | • Banks need attractive yields to drive risk adjusted returns<br>• Assets need to be of high quality to meet bank regulatory requirements | • Attractive yields drive strong risk-adjusted ROA<br>• Originates prime and super-prime assets with average FICO score of ~766<br>• Consistent underwriting practices |
| **Compliance** | • Compliance culture must be of the highest standards<br>• Loans need to meet diversity requirements | • Compliance culture drives all business decisions at Service Finance<br>• Assets highly diversified across category, geography & multiple top-tier vendor partners |
| **Safety & Soundness** | • Banks subject to continual regulatory review<br>• Can only partner with those able to meet strict regulatory requirements | • Zero objections or negative comments during formal examinations<br>• Fully licensed lender / servicer in all 50 states<br>• Routinely examined by state regulators<br>• Registered with CFPB<br>• Approved FHA Title 1 lender |

# …Defended by a Model that is Difficult to Replicate

**Exclusive manufacturer agreements that drive network of ~9,000+ dealers built over 10+ years is a paramount barrier to entry**

**To replicate SFC's network would be time consuming and costly**

## Origination Power of the Network

- Exclusive manufacturer agreements drive access to dealer networks
  - Manufacturer buy-down support & promotion
  - Low cost of customer acquisition
- Banks work with partners that can deliver large-scale, diverse loan originations at a low cost
- SFC's origination network drives the sourcing of significant portfolios of highly attractive loan originations

## Dealer Underwriting and Monitoring

- Banks' main concerns when coming into partnerships are credit losses and regulatory risk
- SFC's extensive dealer underwriting process and ongoing dealer monitoring ensures loans are suitable for banks
- Multi-point dealer underwriting model with continuous review and annual renewal ensures high-quality dealer base

# Diverse, Well-Capitalized Funding Partners

| Top Ten Funding Partners | Funding Commitment | Total Assets |
|---|---|---|
| A | $400MM | $211BN |
| B | $250MM | $11BN |
| C | $120MM | $11BN |
| D | $100MM | $6BN |
| E | $100MM | $19BN |
| F | $100MM | $5BN |
| G | $100MM | $13BN |
| H | $60MM | $15BN |
| I | $50MM | $1BN |
| J | $50MM | $3BN |

- Material transition in mix of funding banks from 2017 to 2018, transitioning out large "trade" motivated with "partnership" motivated banks
- Non-bank partnership discussions underway – e.g. life insurance companies

**Total Loan Portfolio**

Servicing Assets $1.7BN

Avg. FICO 766

Avg. Customer Balance Funded ~$10,977

W.A. Life 30 months

**Current Funding Partners**

Banks

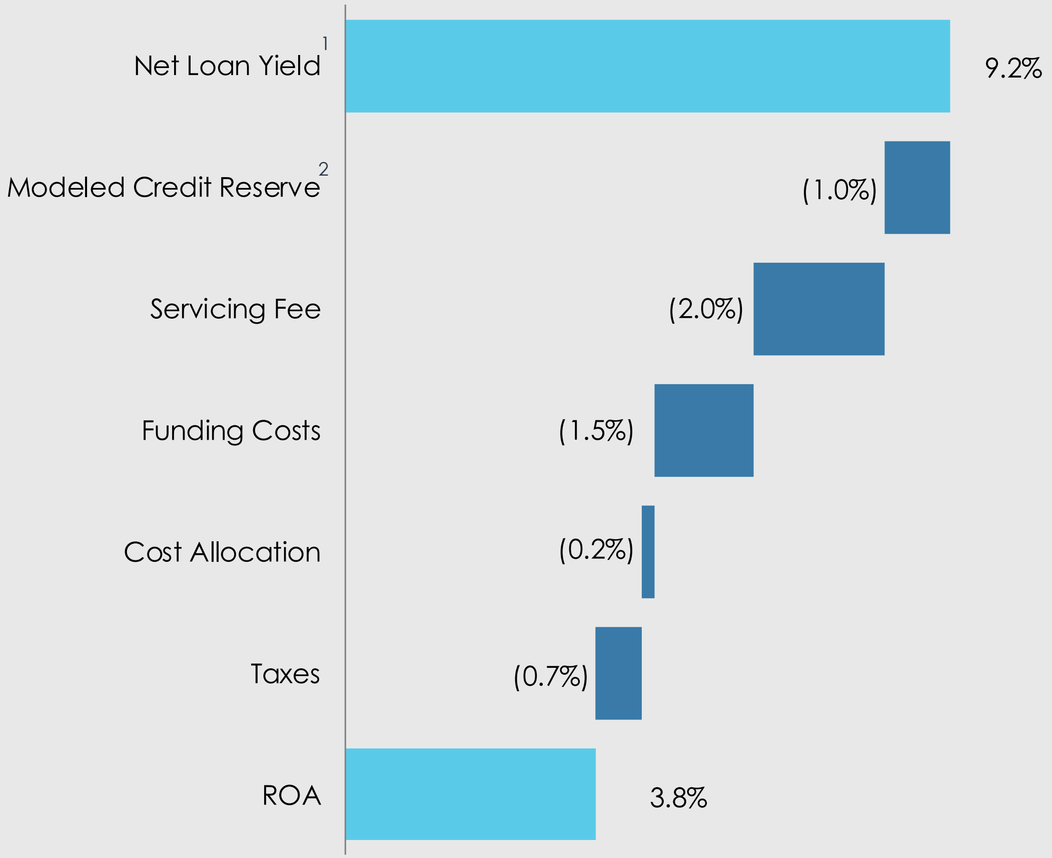
**Additional Future Partners**

Life Insurance Cos (in process)

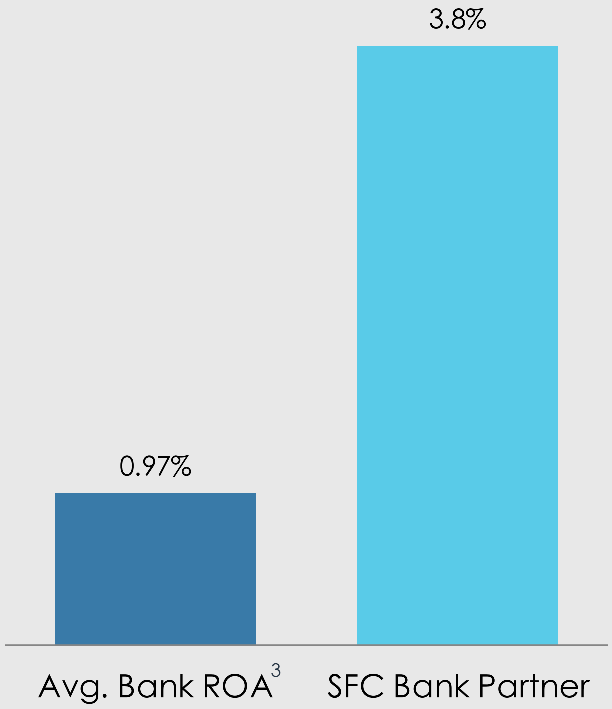
Pension Plans

# Loan Economics to Partner

## Bank Partner Unit Economics




## Comparative ROAs

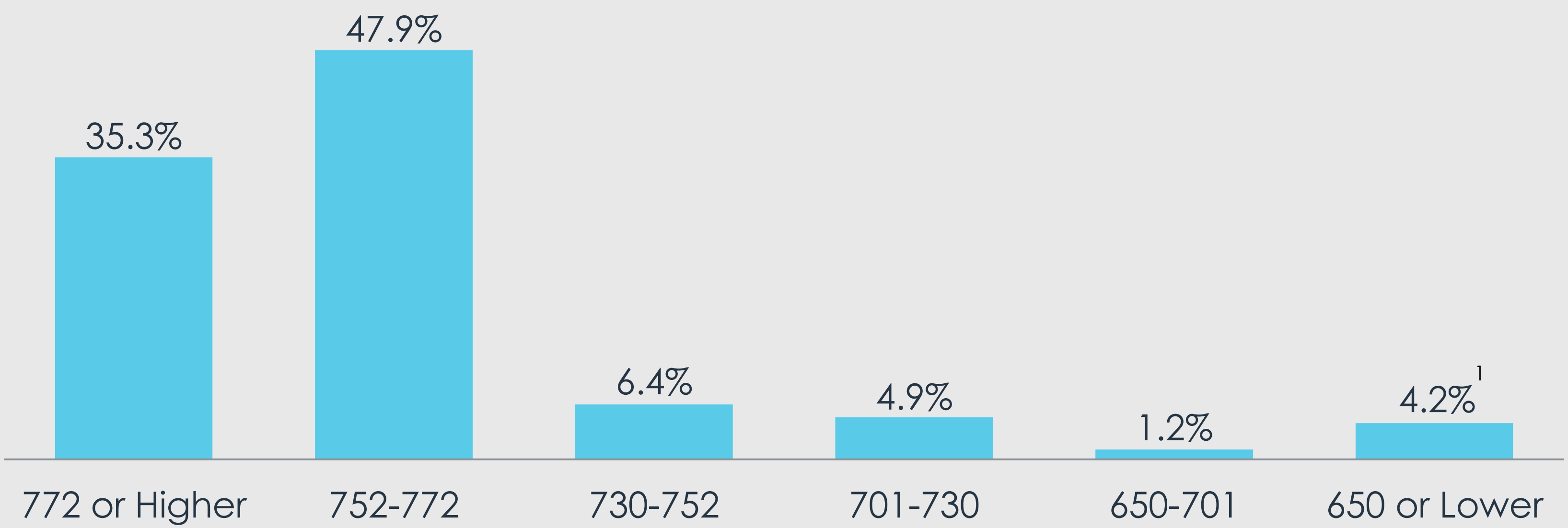



1. *Net of origination fee*
2. *Annualized actual net charge-off rate of .60%*
3. *Source: SNL Financial; 3Q'18 LTM ROAA for US Commercial and Savings Banks*

# Attractive Prime and Super-Prime Consumers

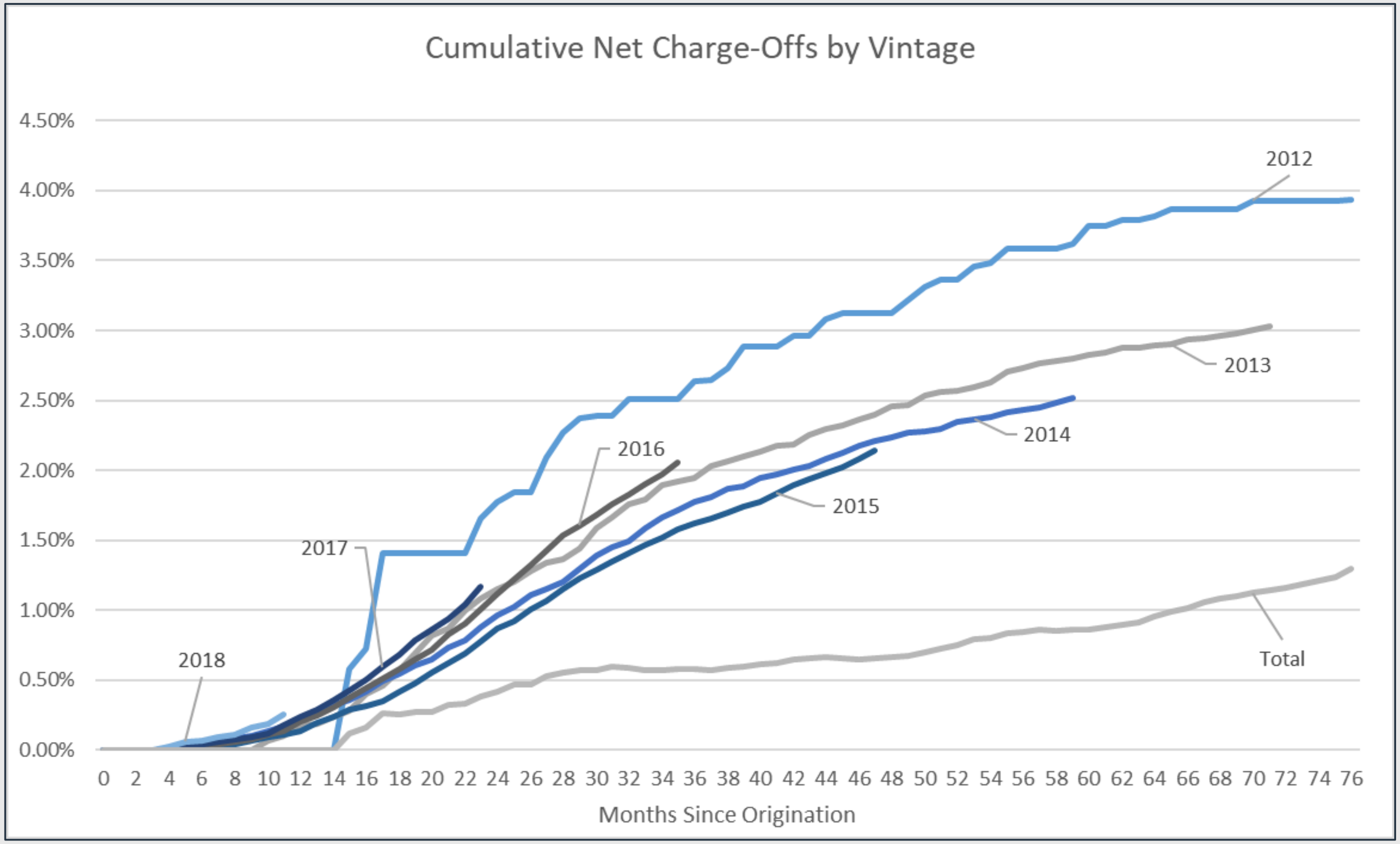
- Service Finance focuses on originating prime & super-prime installment loans
  - 100% of originations have been sold with no recourse
- Annualized net defaults are expected to average ~0.60% to the bank purchaser
  - High FICO borrowers; averaging ~766 FICO
  - Register a UCC lien on the home when account goes into arrears

## SFC FICO DISTRIBUTION




*1. Sold to non-FDIC insured institutions*

# Cumulative Net Charge-Offs by Vintage




| As of December 2018 | Vintage | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Total |
| Cumulative Net Charge-Off | 3.94% | 3.03% | 2.52% | 2.14% | 2.05% | 1.17% | 0.25% | 1.30% |
| Months Outstanding | 77 | 72 | 60 | 48 | 36 | 24 | 12 | 77 |
| Annualized Net Charge-off Rate | 0.61% | 0.51% | 0.50% | 0.54% | 0.68% | 0.58% | 0.25% | 0.20% |

*Note: Data for Core loans only*

SERVICE FINANCE COMPANY, LLC

# 2019 Guidance

## KEY HIGHLIGHTS

- 2019 adjusted operating income before tax in-line with guidance at acquisition
- Forecast 2019 total originations increase ~35% than previously forecast 2018 total originations at the midpoint
- 2019 adjusted operating earnings before tax forecast increase by ~25% from previously forecast 2018 at the midpoint

| Select Metrics (US$ millions) | 2019 Forecast Range | |
|---|---|---|
| Originations | 1,600 | 1,800 |
| Managed & advised portfolio (period end) | 2,500 | 2,700 |
| **Income Statement (US$ millions)** | **2019 Forecast Range** | |
| Revenues | 96 | 101 |
| EBITDA | 66 | 70 |
| Adjusted operating income before tax | 62 | 66 |
| EBITDA margin | ~69% | ~69% |

# ECN Strategy & Forecast

Presenters: Steven Hudson, Grier Colter & John Wimsatt

# Business Strengths

| | |
|---|---|
| Bank Partnerships | • Non-recourse arrangements<br>• Management and advisory portfolios<br>• Diversity of banks – 90+ bank partners |
| Low-risk Loan Origination | • Prime & Super Prime originations<br>• No origination creep to lower FICOs<br>• Low cost of originations |
| Manufacturer & Dealer Network | • Exclusive multi-year contracts with national manufacturers<br>• Vetted national dealer networks |
| Sustainability & Durability | • Investment Grade Rated<br>• $800 million of liquidity<br>• ~50% of revs management/advisory fees<br>• Annuity backlog of ~$200 million |
| Strong Regulatory Framework | • Directly Licensed in all 50 states – no pre-emption<br>• Positive relationships with all regulatory agencies |

# Growth Strategy Successes

**ECN's active management creates additional growth opportunities that drive incremental value**

| | |
|---|---|
| 1 Take & make share strategies gaining traction | • Aggressively marketing ECN's durability to past origination & competitive opportunities<br>• Investment grade + liquidity = sustained take-share growth<br>• Proven take & make share strategies = Lennox & Owens Corning case study |
| 2 Rapid launch of "foundation" products; incremental bank originations | • Triad launched a modest floorplan program driving 10% incremental origination growth and 20% incremental revenue<br>• Moderate use of balance sheet |
| 3 New loan products "on-message"; bank origination driven | • Solar financing initiative successfully completed; bank flow business going forward<br>• Limited use of balance sheet |
| 4 Bank portfolio solutions | • Expanding bank and credit union relationships to more than one solution |

# Business Model Recap

- Non-recourse origination fees are earned with no risk of adjustments for loan performance, interest rate changes, prepayment, etc.
- Recurring, high margin servicing revenue
- Efficient and scalable business model drives high margins
- Directly Licensed in all 50 states – not using bank pre-emption
  - Triad operates in 44 states
- Model is suitable and growing originations for all project types and durations including HVAC, solar, windows, doors, roofing, etc.

| | Service Finance & Triad |
|---|---|
| **Clawback on Origination Fee/Transaction Fee** | None |
| **Servicing Fee Contribution** | Significant & Growing |
| **Recourse:** | |
| **- Interest Rates** | None |
| **- Prepayment** | None |
| **- Loan Losses** | None |
| **Dealer Processing Fees** | None |
| **Loan Types** | Variety of rate, payment, and duration options |
| **Project Types** | All |
| **Licensing** | Directly licensed in all 50 States |

# Investment Highlights

## 1 Key Value Add Service Provider to the US Financial Industry

- Generates high quality prime assets for banks
- Drives attractive portfolio yields with embedded risk diversifications
- Manages assets and advises top-tier financial institutions on prime consumer assets

## 2 Large Identifiable Market Opportunity

- Large and growing client base: 90+ bank customers today – over 10k to target
- $400BN+ market for home improvement lending
- MH increasing share of US housing market
- $40-$60B of credit card assets in play annually

## 3 High Barriers to Entry

- Difficult to replicate business model
  - Bank partnerships difficult and time consuming to establish - protected by long-term contracts
  - Vetted 12k+ network of dealers (SFC + Triad)
  - National regulatory licensing footprint

## 4 Seamless, Technology-Enabled Dealer to Consumer Experience

- Superior consumer experience at POS, featuring digital application and near-instant decisioning
- Valuable tool to dealers in sale process

## 5 Attractive Financial Profile – Visible Growth and Profitability

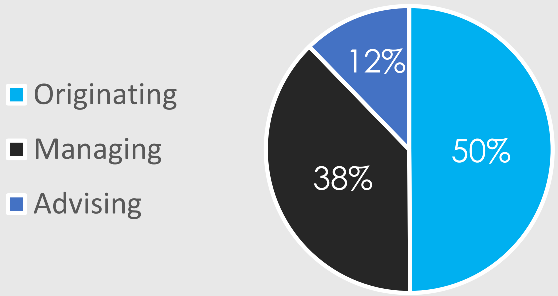
- Asset-light, fee-driven business model
- Diversified, highly scalable origination channels
- Strong forecasted growth and profitability in core segments

## 6 Top Flight Management Team

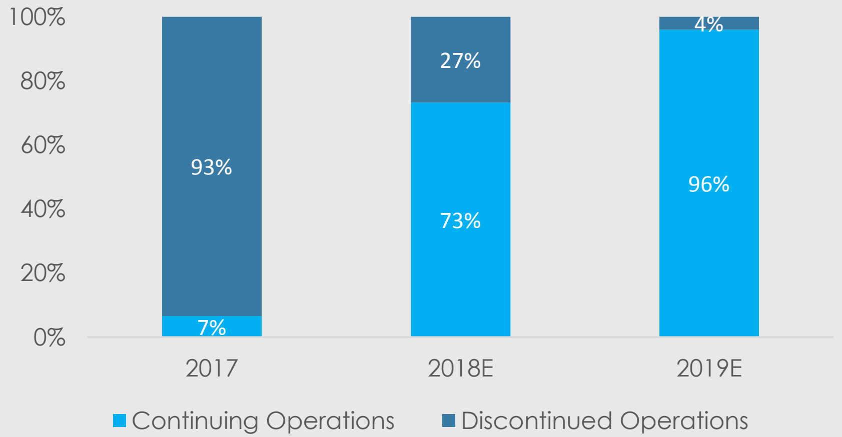
- Business lines managed by deeply experienced business heads
- Aligned interests between ECN and business heads

# Transition to Asset Light Businesses

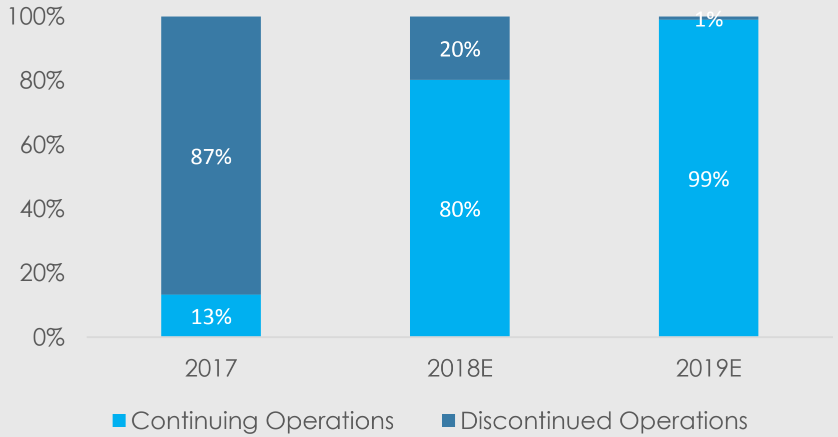
## Revenue Composition 2019E[1]




## Revenue[2]



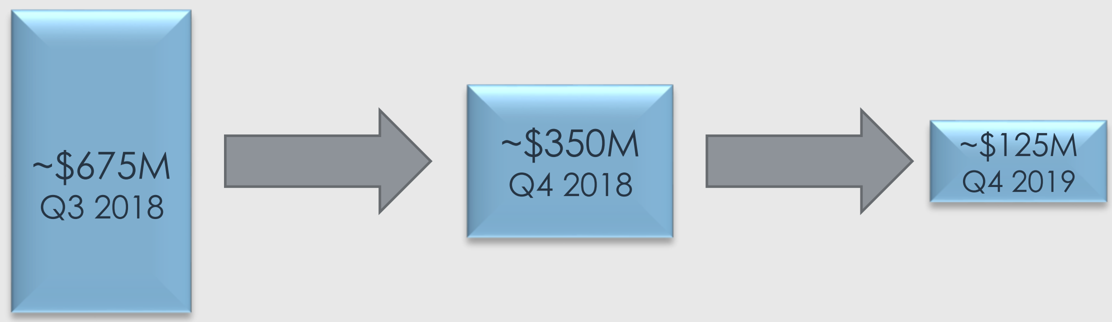

## Operating Income before Tax[2]




1. Excludes discontinued operations
2. Includes revenue and operating income from legacy businesses, which will be reported as discontinued operations in 2019

# Debt

**Debt** levels decline in conjunction with the ongoing wind-down of legacy assets, proceeds from KG's annuity optimization, sale of SFC assets (Solar & PACE) and ECN cash flow




1. Debt increases in the beginning of 2019 as a result of the recently completed SIB and falls throughout the year as the legacy asset winddown continues

# Capital Deployment - Internal

## ECN Deploys Capital Internally to Grow Core Business

- ECN management's focus is to allocate capital to grow our asset management business lines and reinvest in the shares subject to share price performance
- Capital will be deployed to establish new sources of origination and asset management fees within core origination markets:
  a) Service Finance's solar program launched on-balance sheet, developed, proven and are now part of go forward bank loan purchase programs
  b) Triad has established a foundation product using a modest floorplan program for qualified dealers tied to core loan origination growth

# Capital Reinvestment

**ECN has also retired approximately 40% of the total shares outstanding**

| **Capital Reinvestment** | Shares Retired (millions) | Average Price (C$) | Total Consideration (C$ millions) |
|---|---|---|---|
| NCIB since inception 2017 | 51 | $3.69 | $189 |
| SIB April 2018 | 32 | $3.60 | $115 |
| SIB January 2019 | 71 | $3.75 | $265 |
| Total shares retired | 154 | $3.70 | $569 |
| | | | |
| Total Shares Outstanding Pre-buyback | 390 | | |
| Total Shares Outstanding Current | 236 | | |
| % shares retired to date | **~40.0%** | | |

# Aviation

- Disciplined approach to capital allocation continues - ECN is focused on an accelerated discontinuance of non-strategic assets
- Accelerated aviation wind-down will provide additional equity for reinvestment

## Aviation Assets

$390M Q3 2018 → ~$270M Q4 2018 → ~$40M Q4 2019

Accelerated process to divest aviation assets will trigger a one-time after-tax provision charge of $62M that will be recorded in Q4FY18

# Corporate Operating Expenses

| | US$M Quarterly | US$M Annualized |
|---|---|---|
| **Q1 2018** | **~$7.5** | **~$30** |

Actions
- Executive compensation reductions; led by 20% reduction by CEO
- Eliminate M&A related costs
- Other SG&A reductions

| | US$M Quarterly | US$M Annualized |
|---|---|---|
| **Q3 2018** | **~$6.7** | **~$27** |

Actions
- Further executive compensation reductions
- Right-sizing corporate overhead
- Shift of back-office operations to Florida

| | US$M Quarterly | US$M Annualized |
|---|---|---|
| **Q1 2019** | **~$5.25** | **~$21** |

Reductions will result in one-time severance and other costs of $12 million (after tax)

**Cost reductions represent a ~30% improvement from Q1 2018 to Q1 2019**
**Expect 2020 to be under $20M**

# Consolidated 2019 Financial Forecast

## KEY HIGHLIGHTS

- 2019 EPS range of $0.23-$0.25
- Adjusted operating income before tax from continuing ops expected to grow ~20% compared to previous forecast for 2018
- Corporate interest charges will decline as legacy assets winddown; majority of corporate interest expense is now standby and commitment fees
- Expected annual tax rate of 22% in 2019; No cash taxes paid in 2019

| **Adjusted Net Income (US$ millions)** | **2019** | |
|---|---|---|
| Service Finance | $62 | $66 |
| Triad | $22 | $25 |
| Kessler (76%) | $32 | $34 |
| Continuing Ops Adj Op Income before Tax | $116 | $125 |
| Corporate operating expenses | ($20) | ($21) |
| Corporate depreciation | ($2) | ($2) |
| Corporate interest | ($8) | ($10) |
| **Total ECN adjusted operating income before tax** | **$86** | **$92** |
| Tax – Non-Cash | ($19) | ($20) |
| **Total ECN adjusted net income** | **$67** | **$72** |
| **Preferred Dividends** | **($13)** | **($13)** |
| **Adjusted net income (after pfds)** | **$54** | **$59** |
| **EPS US$** | **$0.23** | **$0.25** |

# Consolidated 2019 EPS Forecast - Quarterly

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 2019 |
|---|---|---|---|---|---|
| Adjusted EPS to common shareholders | $0.02 - $0.03 | $0.06- $0.07 | $0.07- $0.08 | $0.07 - $0.08 | $0.23-$0.25 |

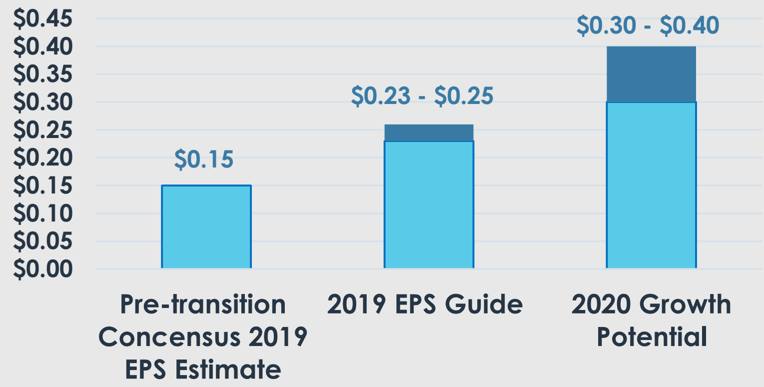
# EPS Comparison

## Comparable EPS (US$)


- Excluding EPS from legacy businesses, ECN's core business is expected grow ~80% in 2019
- ECN successfully transitioned its managed portfolio from a slow growth, legacy model to a high growth, high ROE, balance sheet light business model

1. Assumes KG owned for the full year of 2018

## EPS Transition (US$)




- Prior to the Service Finance transaction, the consensus EPS estimate for 2019 was US$0.15
- As legacy businesses successfully wound down, the $0.15 of EPS effectively went to $0.00
- ECN acquired Service Finance, Triad and Kessler and retired ~40% of the outstanding shares
- Current base case EPS guidance of $0.24 is ~60% higher than the pre-SFC consensus
- ECN core businesses will continue to grow both organically and via new business opportunities