13 March 2020

LOWELL FULL YEAR RESULTS 2019

A year of delivery

Lowell, a European leader in credit management services, today announced its results for the Full Year ending 31 December 2019.

2019 in summary

Financial delivery

- Strong growth in three key metrics: Cash Income, Cash EBITDA and 120m ERC
- Collections continue to perform ahead of forecast (104% v Dec 18 static pool)
- £397 million capital deployed on portfolio acquisitions in 2019 at improved returns
- Improving Cash EBITDA margin – in excess of 200bps year-on-year
- Deep client relationships - Forward Flows providing 51% of acquisitions in 2019
- Substantial available liquidity of £261 million
- Leverage reduced to 4.7x in line with guidance

Operational delivery

- New partnerships create exciting asset management opportunities
- Cutting-edge data science centre of excellence, Lowell Labs, launched
- Nordic IT integration completed ahead of schedule
- IT infrastructure investment creating platforms for future development
- Award-winning roll-out of robotic process automation[1]

Financial highlights as at 31 December 2019

	LTM Dec-18	LTM Dec-19	Change
Cash Income	£874m	£950m	+9%
Cash EBITDA	£437m	£496m	+14%
Portfolio Acquisitions	£408m	£397m	(3)%
Estimated Remaining Collections (120m ERC)	£3.1bn	£3.4bn	+9%

Colin Storrar, Group CEO, said:

"2019 was a year of delivery for Lowell. We have continued our growth by doing things the right way – running our business efficiently and ethically. We are delivering better outcomes: for customers, for clients, for colleagues and for our investors. These results represent the hard work of each colleague within Lowell and I am proud of what we have achieved this year.

"Our purpose; to make credit work better for all, has not just been the foundation of the results we have announced this morning, but also of new strategic partnerships that create opportunities for our future development.

[1] 2019 Credit Strategy CCS Awards

"I am delighted to announce the signing of our co-investment agreement and the first joint portfolio acquisition into this partnership structure. This is a natural evolution for our business and demonstrates again the strength of our origination, pricing and servicing capabilities.

"Our performance demonstrates a business that has built strong and sustainable financial foundations. These are foundations from which we can build and focus on the priorities for the next stage of our growth as we continue to make credit work better for all."

To join the FY19 results call at 10.30am GMT today, please visit our investor website: www.lowell.com/investors/announcements

Overview

This year saw Lowell deliver on the financial foundations that it has built; increasing income and improving efficiency. Strong growth was evident in the Group's key measures: Cash EBITDA up 14%, Cash Income up 9% and Estimated Remaining Collections up 9%.

There has been positive performance not only at a Group level but in each of the three regions. The UK region, the Group's largest, continues to show robust Cash Income growth and strong ERC growth. The performance of the DACH region demonstrates the forward momentum in the business. The Nordic region continues to grow Cash EBITDA significantly faster than Cash Income, as it leverages the operating platform of the Group.

Sustained, prudent forecasting supported the pricing of the Group's disciplined use of capital for acquisitions, which delivered improved returns – a 300bps increase in IRR to 19%. The launch of Lowell Labs, based in Amsterdam, will enhance the Group's data and analytics capabilities further.

Strong Net Operating Cash Flow generation (£292m before portfolio acquisitions) will create additional opportunities for growth and deleveraging. Cash EBITDA growth outpaced Net Debt movement, which drove a reduction of leverage to 4.7x, a fall of 0.4x since Q2 2019.

Two new strategic partnerships have been agreed that will increase the market opportunities for the Group. Together with a listed, global Asset Manager, Lowell will jointly acquire NPL portfolios, with up to €300m of capital deployed over three years. The first acquisition has already been completed. In DACH, an NPL procurement agreement with German bank, OLB, has been signed. This will see Lowell procure up to €30m of NPL portfolios annually for OLB and act as the sole service provider on these assets.

The combination of the Group's core client relationships, cash flow generation, reducing leverage position, strong liquidity, and continued diversification of income streams provide a platform for the sustained growth and development of the business.

Outlook

The debt purchase market remains fulsome, and the Group benefits from an optimal mix of Spot and Forward Flow opportunities. Levels of capital deployment will continue to be driven by the Group's rational approach and the likely returns available. Lowell's collection performance across the last 12 years shows it performs strongly across different economic cycles and will be well-placed for the opportunities any change in economic climate may bring.

Lowell23: Making credit work better for all

Lowell is a mission-led business with a clear **purpose:** to make credit work better for all. The work the Group does is important, not just to the Credit Management Services sector, or to financial services, but to society, so it is important that it does it well.

Today, Lowell outlined its strategic focus for development in the coming years: 'Lowell23'. The financial foundations that have been laid will remain a key focus, in addition, there are **four further strategic priorities** for Lowell to deliver better performance:

- **Consumer experience and interaction**
- **Culture & colleague engagement**
- **Client relationships**
- **Operational foundations**

Improvements in each of these areas, closely managed and monitored, will deliver strong performance and support our growth ambitions over the next years; making Lowell a better business for all its stakeholders – consumers, clients, colleagues and investors.

For further information please contact:

Investor Relations enquiries:
Dan Hartley
Group Director of Tax, Treasury and Investor Relations
Email: investors@lowellgroup.co.uk

Media enquiries:
Jason Clarke
Head of External Communications
Telephone: +44 7768 260 293
Email: media@lowellgroup.co.uk

James Olley
Communications Support UK
Telephone: +44 7974 982 302
Email: jolley@montfort.london

Note to Editors

About Lowell

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, and Sweden.

Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing. With its ethical approach to debt management, Lowell always looks for the most appropriate, sustainable and fair outcome for each customer's specific circumstances.

Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2018, Lowell completed the acquisition of the Carve-out Business from Intrum, which has market leading positions in the Nordic region. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan.

For more information on Lowell, please visit our investor website: www.lowell.com