Lowell

**April 5, 2017**

# LOWELL GFKL GROUP ANNOUNCES FULL YEAR RESULTS

# WILL REBRAND AND UNIFY UNDER ONE IDENTITY

Lowell GFKL Group, a European leader in credit management services, recorded strong results for its full year ended 31 December 2016, with a 20% increase in Group Cash EBITDA[1] to £254m showing the continuing benefits of the combined business.

Publishing the results today it has also announced that, following the successful merger of the Lowell Group and GFKL, it will rebrand under a unified identity: Lowell.

## Financial Highlights

- Group Cash EBITDA[1] up 20% to £254m
  - Growth driven by:
    - 23% increase in Non-Performing Loan (NPL) cash collections
    - 18% increase in 3rd Party Collections (3PC) income
- 23% year-on-year increase to £306m in portfolio acquisitions
  - 45% of acquisitions from Financial Services clients
  - 32% of acquisitions from Retail clients
  - 18% of acquisitions from Communications clients
- 29% year-on-year increase to £10.1bn in 3PC Assets under Management (AuM)
- 120 month gross Estimated Remaining Collections (ERC) of £1.8bn
  - 30% year-on-year increase
  - 39% of 120m ERC to crystalise as cash collections in the first two years
- Completion of a further bond issuance related to the acquisition of Tesch

## Operational Highlights

- A series of complementary and accretive acquisitions during the year
  - Tesch (September 2016), consolidating our market leadership position in Germany
  - IS Inkasso (May 2016), expanding our geographical reach through establishing a leadership position in Austria
- Lowell Financial retains 3 Star Exceptional rating with Investors in Customers
- Continuing focus on consumer experience remains at the forefront of all activities

- Ongoing compliance within the regulatory environments to deliver best practice across the Group
- Post year end: unveiling of the new Group shared brand identity and name; providing a clear vision and strategy for the future

## Outlook

Lowell has seen the momentum from 2016 continue into the new year with positive trading in its first quarter. The combined business has the fundamentals in place to continue to grow its platforms through 2017 with a clear focus on value creation.

## James Cornell, CEO Lowell, said:

"This is a very good set of results for Lowell and demonstrates the strength of our combined business. 2016 was an important year in our growth with a number of strategic acquisitions across Europe, and the completion of an additional bond issuance.

Having successfully merged our businesses we have a clear vision and strategy for the Group. Combined, we exist to improve the financial well-being of clients and consumers with our principled approach and pioneering consumer insight, offering a positive, forward-looking message and a distinctive identity in the sector. Our new brand reflects this. Lowell has proven equity and existing strong positive associations; it is familiar and respected. The new brand will provide a shared identity for clients, consumers, and colleagues alike; one I believe shows our positive direction as a business.

We look to the rest of the year and beyond with confidence."

[1]Cash EBITDA for the three months to 31 December 2015 and on a last 12 months basis to 31 December 2015 is defined as both Lowell's and GFKL's Adjusted EBITDA, each as defined in the Offering Memorandum dated 14 October 2015. Cash EBITDA for the three months to 31 December 2016 and on a last 12 months basis post 31 December 2015 is defined as collections on owned portfolios plus other turnover, less collection activity costs and other expenses (which together equals servicing costs) and before exceptional items, depreciation and amortisation.

## Note to Editors

The new brand identity, along with all full year results documentation, are available to view on our investor website, newly named www.lowellgroup.com.

## About Lowell:

Formerly, and temporarily named the Lowell GFKL Group, Lowell was formed in October 2015 following the merger of the UK and German market leaders, the Lowell Group and the GFKL Group. This union created one of the largest credit management companies in Europe. It benefits from the backing of global investment company Permira and Ontario Teachers' Pension Plan, the largest single-profession pension plan company in Canada. The Group's experience, expertise and core strengths in data analytics and operational efficiency underpin its vision to be the most reputable and trusted partner in the European credit management sector. For more information on the Group, please visit our investor website (please note the change of domain name):

www.lowellgroup.com

For information on the individual companies, please visit:

uk.lowellgroup.com

www.gfkl.com

## For further information, please contact:


**Investor Relations enquiries:**

Jon Trott, Head of Investor Relations

Telephone: +44 7551 153 793

Email: investors@lowellgroup.com

**Media enquiries**

| | |
|---|---|
| **UK** | **Germany** |
| Carol Ord | Henrik Hannemann |
| **Telephone:** + 44 7814 430 330 | **Telephone:** + 49 172 / 493 2729 |
| **Email:** MediaEnquiries@lowellgroup.co.uk | **Email**: pr@gfkl.com |

**Non-IFRS financial measures**

We have included certain non-IFRS financial measures in this trading update, including Estimated Remaining Collections ("ERC") and Cash EBITDA.

We present ERC because it represents our expected gross cash proceeds of the purchased debt portfolios recorded on our balance sheet (the "Purchased Assets") over the 84-month, 120-month and 180-month periods. ERC is calculated as of a point in time assuming no additional purchases are made. ERC is a metric that is also often used by other companies in our industry. We present ERC because it represents our best estimate of the undiscounted cash value of our Purchased Assets at any point in time, which is an important supplemental measure for our board of directors and management to assess our performance, and underscores the cash generation capacity of the assets backing our business. In addition, the instruments governing our indebtedness use ERC to measure our compliance with certain covenants and, in certain circumstances, our ability to incur indebtedness. ERC is a projection, calculated by our proprietary analytical models, which utilise historical portfolio collection performance data and assumptions about future collection rates, and we cannot guarantee that we will achieve such collections. ERC, as computed by us, may not be comparable to similar metrics used by other companies in our industry.

We present Cash EBITDA because we believe it may enhance an investor's understanding of our profitability and the cash flow generation that could be used to service or pay down debt, pay income taxes, purchase new debt portfolios and for other uses, and because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies generally. In addition to ERC, our board of directors and management also use Cash EBITDA to assess our performance. Cash EBITDA is not a measure calculated in accordance with IFRS and our use of the term Cash EBITDA may vary from others in our industry. For a reconciliation of Cash EBITDA to operating profit, see the "Reconciling the FY 2016 Interim Numbers to this Presentation" within the Investor Presentation document available on the investor website.

ERC and Cash EBITDA and all the other non-IFRS measures presented have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS.