Lowell

29 August 2019

Lowell Q2 2019 Results

Delivering continued positive performance

Lowell, a European leader in credit management services, has announced another positive quarter in its Results for the period 1 April to 30 June 2019, continuing to grow the business in the right way.

Q2 Summary

- Capital structure evolution; £33.5m 11% Senior Unsecured Notes purchased
- Collections continue to perform ahead of forecast; 104% v Dec 18 static pool
- Strong pipeline across all regions; £166 million capital deployed on portfolio acquisitions in H1 2019
- Improving portfolio returns; ~18% Net IRR YTD 2019 purchases
- Continue to benefit from substantial available liquidity of £323 million
- Leverage management in line with expectations; deleveraging expected through H2 2019

Pro Forma financial highlights: Lowell as at 30 June 2019

£	LTM Q2 18	LTM Q2 19	Change
Cash Income	836m	915m	+10%
Cash EBITDA	408m	461m	+13%
Portfolio Acquisitions	436m	368m	(16%)
Estimated Remaining Collections (120m ERC)	2.9bn	3.3bn	+13%

Colin Storrar, Group CEO, said:

"I am really pleased to present another set of strong results, my first as Group CEO. Our excellent collections performance, widening margins and ability to continue to deploy capital at attractive returns are all once again evident in the results that we are presenting today.

"We have again achieved good growth across our key metrics, and have continued the trend of margin growth – underlining the strong financial foundations of our business. We have continued to grow our business the right way: seeking the best rates of return from portfolios, investing in our capability and driving efficiencies where we see opportunities through collections innovation and the leveraging of our indirect cost base.

"With this backdrop of excellent financial performance and a positive market environment, I am also very pleased to announce that we have bought back £33.5m of our 2023 Senior Unsecured Notes, marking a step in evolving our capital structure. Looking forward, we remain confident of managing our leverage in line with guidance."

Outlook

In line with the guidance we gave in our 2018 Full Year Results (11th April 2019), we remain positive about the year ahead:

- Strong debt purchase franchise in an increasingly positive market environment
- Portfolio purchasing guidance for 2019 adjusted to ~£390 million
- Further margin growth through economies of scale, enhanced efficiency and innovation
- £323 million of available liquidity provides a position of real strength: further supplemented by the option to reset the securitisation facility.
- Focus on reduction in leverage to target range of 4.0x – 3.5x by 2021 – 2022

To join the Q2 19 results call at 10.30am BST today, please register on our investor website: www.lowell.com/investors/announcements

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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