

Lowell Group
Q1 2015
Investor Presentation

24th February 2015



Lowell.

a better way forward **Lowell.**
GROUP

Introduction To Today's Speakers



James Cornell

CEO

- **17 years of relevant experience**
- Founder and CEO of Lowell since 2004
- Previous roles: Head of Risk at Caudwell Group; Commercial Director of the B2B Division at Equifax Plc



Colin Storrar

CFO

- **21 years of relevant experience**
- Joined Lowell in early 2013
- Previous roles: CFO at HSBC First Direct and Head of HSBC Contact Centres; Senior finance roles at GE Capital Bank and GE Money post 10 years with Arthur Andersen

Overview of Current Position

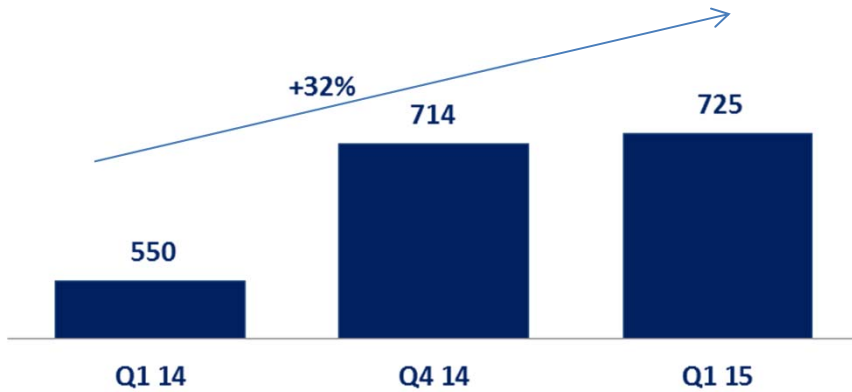
Strong Q1 2015

- Strong underlying financials evident in:
 - **23% collections growth** Q1 2015 v Q1 2014, with LTM growth of **23%**
 - **Q1 adjusted EBITDA up 17%** versus same period in 2013, with LTM growth of **14%**
 - Dec 2014 84 month **ERC stands at £725m**, £175m (32%) up on Dec 2013

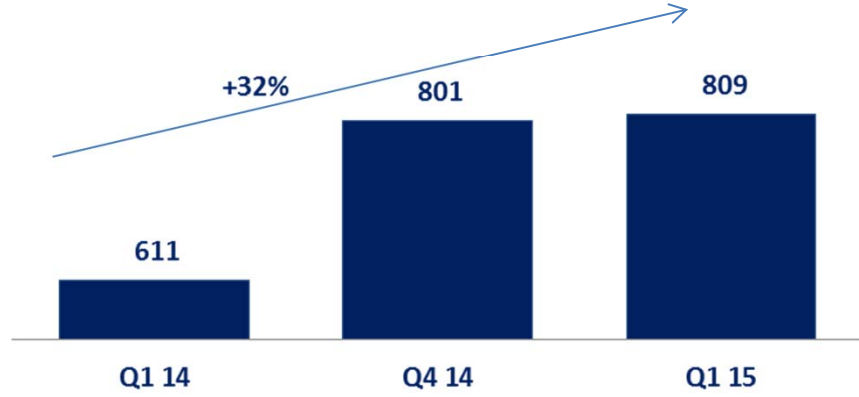
Balance Sheet

Impressive growth on key metrics

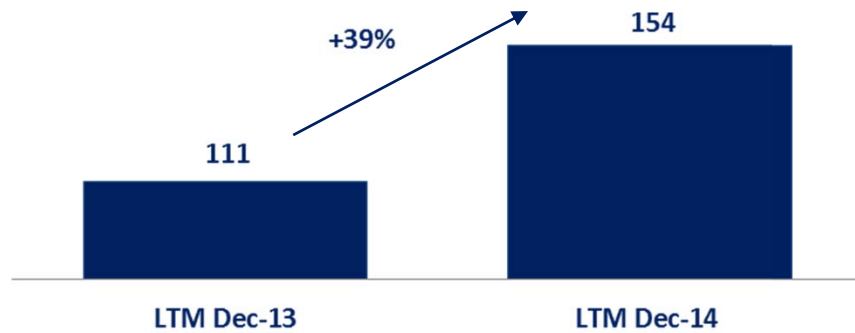
84M Gross ERC (£m)



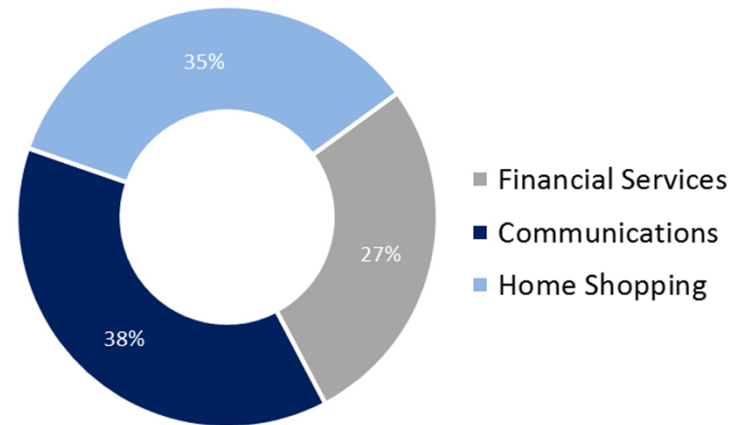
120M Gross ERC (£m)



Portfolio Investments (£m)



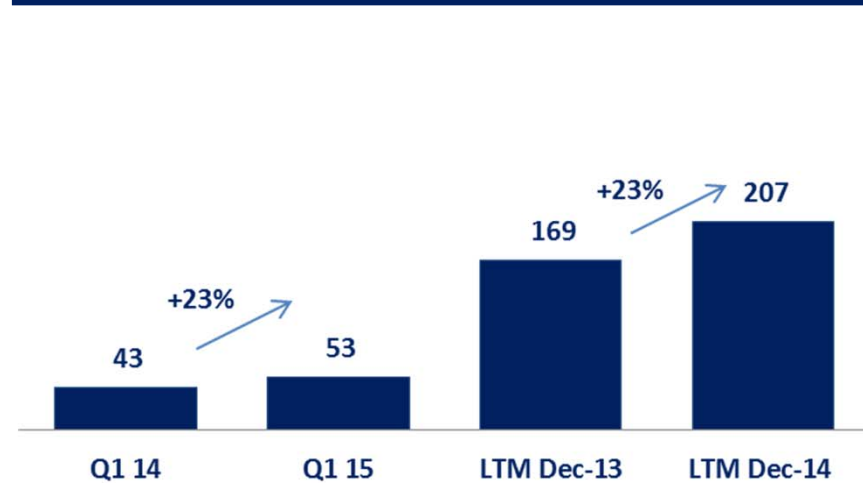
Diversified Acquisitions in the Quarter of £22m



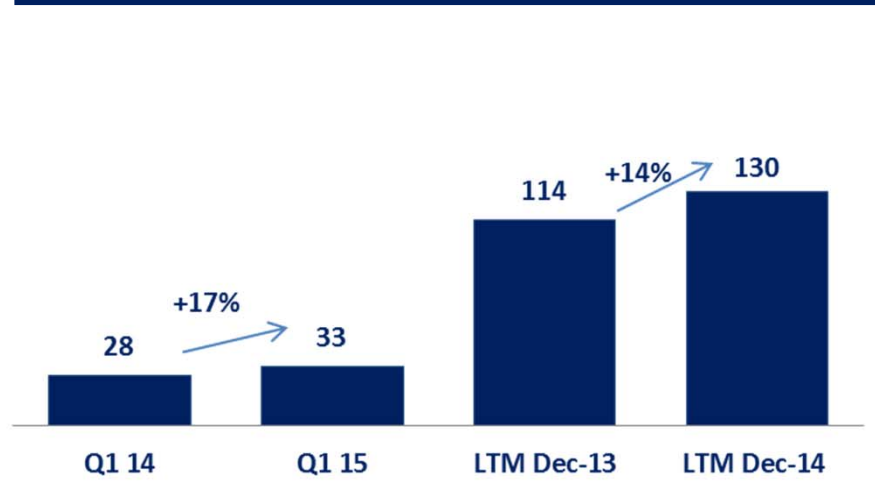
Collections & Returns

Strong profitability and continued growth

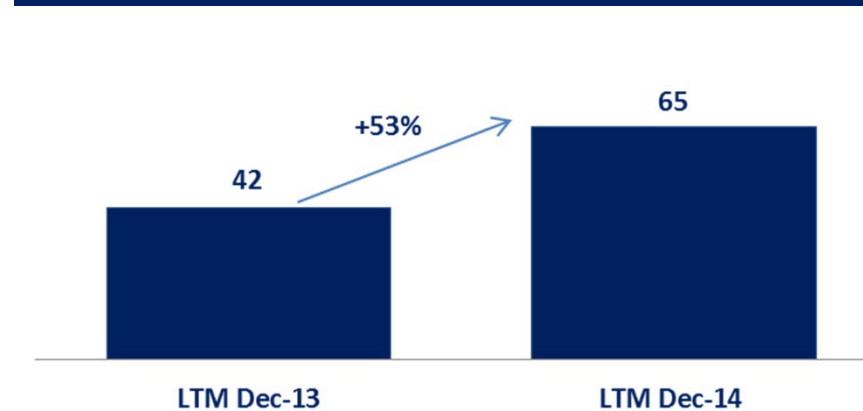
Gross Cash Collections (£m)



Adjusted EBITDA



LTM Operating Profit (Underlying)* £m



Double Digit Growth Continues Across Key Metrics

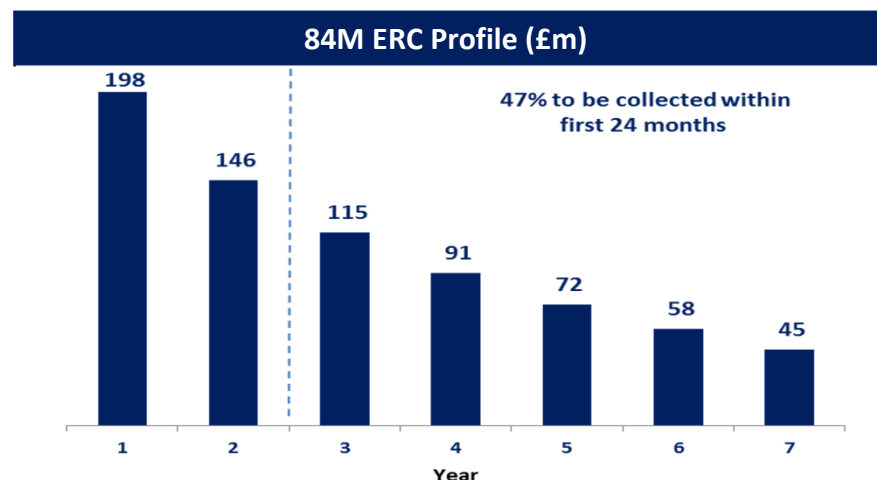
- 23% growth in qtr-on-qtr cash collections
- Adjusted EBITDA growth of 17% qtr-on-qtr
- 53% growth in LTM Operating Profit versus prior year

**Figures exclude non-recurring items, fair value adjustment and acquisition intangible amortisation*

Liquidity

Strong underlying cashflow

Cashflow (£m)			
	Q1 14	Q1 15	LTM Dec 14
ERC (84m)	550.1	725.0	725.0
Reported portfolio purchases	30.2	22.3	154.3
Net debt	280.9	357.2	357.2
Cash generation			
Collections /income on owned portfolios	43.3	53.3	206.9
Other income	3.8	3.1	17.8
Servicing costs (net of depn, amort & non recurring costs)	(19.0)	(23.4)	(94.3)
Adjusted EBITDA	28.1	33.0	130.4
Capital Expenditure	(0.6)	(0.4)	(4.7)
Movement in working capital	(5.3)	(3.7)	(11.0)
Cashflow before debt and tax servicing	22.2	28.9	114.7
Cash asset return *			20.1%



Strong Liquidity and Cash Visibility Continues

- Cash asset return of 20.1% represents a significant and rapid conversion of ERC into cashflow, thereby reducing risk and providing substantial liquidity for new purchases
- Working capital movement in LTM Dec 2014 driven by:
 - Upfront cash outlay, deferred to the balance sheet relating to litigation on the back book
 - Upfront payments made on invoices, including contracts with credit bureau agencies and increased IT licence costs

*Cash asset return definition: LTM adjusted EBITDA/ average LTM Gross ERC

Net Debt & Leverage

Covenants well within requirements

Key Coverage Measures

	Q1 14	Q4 14	Q1 15
Key Financial Metrics			
ERC (84m)	550.1	713.9	725.0
ERC (120m)	611.0	800.9	808.8
Gross Debt	285.0	390.0	390.0
Cash	4.1	33.7	32.8
Net Debt	280.9	356.3	357.2
Adjusted EBITDA (LTM)	114.5	125.5	130.4
Covenant ratios			
LTV ratio (< 75%)	51%	50%	49%
Super Senior LTV (< 25%)	1%	0%	0%
Leverage and Coverage Ratios			
Net debt / Adjusted EBITDA (LTM)	2.5	2.8	2.7
Adjusted EBITDA / Fixed Charges (LTM)	3.8	3.5	3.4

- LTV Measure remains comfortably within the covenant stipulations
- Portfolios forecast to generate £725m in cash collections (ERC) in the next 84 months, a 32% YoY increase:
 - 47% of cash collections expected to be generated within the next 24 months
 - 76% of cash collections expected to be generated within the next 48 months

- LTV ratios calculated on the same basis as presented in the Offering Memorandum “Summary Consolidated Financial Data”.
- Other leverage and coverage ratios have been presented, as they are regularly reviewed by management. However, there are no specific covenants in place relative to these ratios.

- 120 Month ERC at £809m

Note: The Group and its shareholders continually assess a range of strategic options for the business, including an IPO

Conclusion

Strong performance continues in a growing marketplace

- Strong performance on investments already acquired – business remains on track to achieve earnings growth, leveraging investments in infrastructure, compliance and analytics
- Ongoing prudent leverage and strong liquidity
- Strong balance sheet and well positioned to invest following expected market growth in the remainder of the year

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