

Garfunkelux Holdco 2 S.A.

Q3-20 Interim Results

November 26th, 2020

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Summary

LTM Cash EBITDA Growth of 9% vs prior year with 610bps of margin expansion

Resilient collection performance; Q3 performance at 102% of Jun-20 Static Pool

Completion of £2.2bn refinancing with £1.6bn bond issuance and extension of RCF to 2025

Leverage down 0.1x to 4.6x; 3.6x Pro Forma for the refinancing transaction

Strong liquidity maintained of £306m¹

¹ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisation as at Sep-20.

Resilient Business Performance

£m	LTM Q3-20	LTM Q3-19	Var%
Cash Income	913	941	(3)%
Cash EBITDA	521	479	+9%
Acquisitions	302	366	(17)%
120m ERC	3,440	3,347	+3%

93%
Collections vs Static
Pool ¹

+610bps
Increase in
LTM Cash EBITDA
Margin

4.6x
Leverage ²
3.6x
Pro Forma Leverage

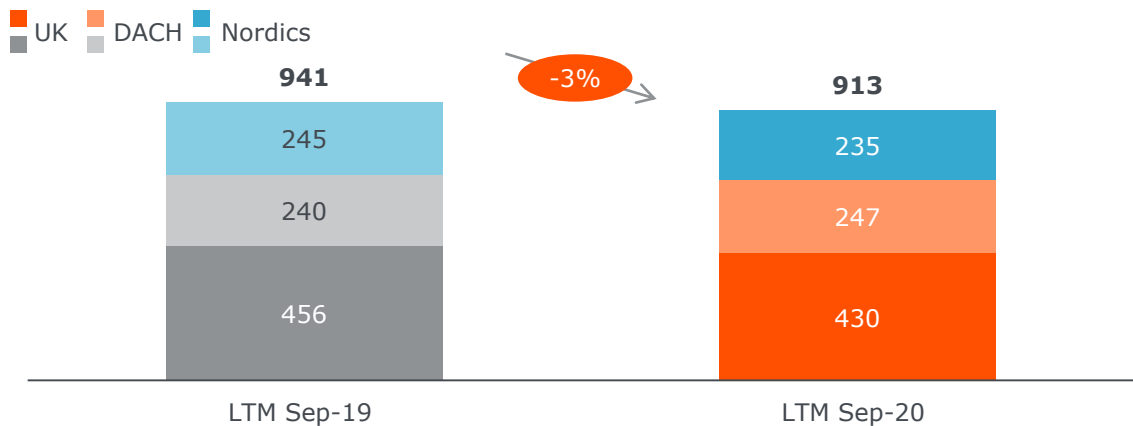
£306m
Available
Liquidity ³

¹ Collection performance for the 9 months to Sep-20 vs Dec-19 static pool. ² Calculated as Net Debt to LTM Pro Forma Cash EBITDA, Pro Forma leverage reflects impact of refinancing at Sep-20.

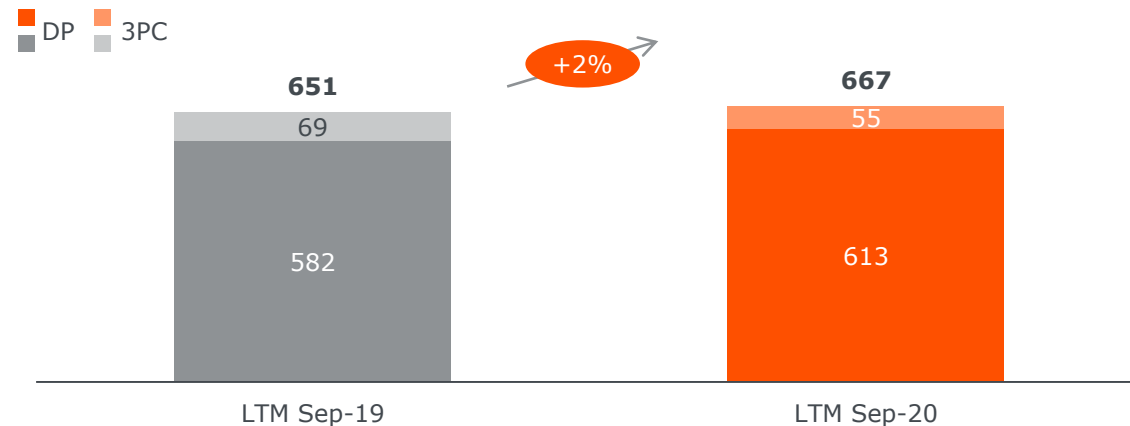
³ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisation as at Sep-20.

Positive LTM Trends Continue

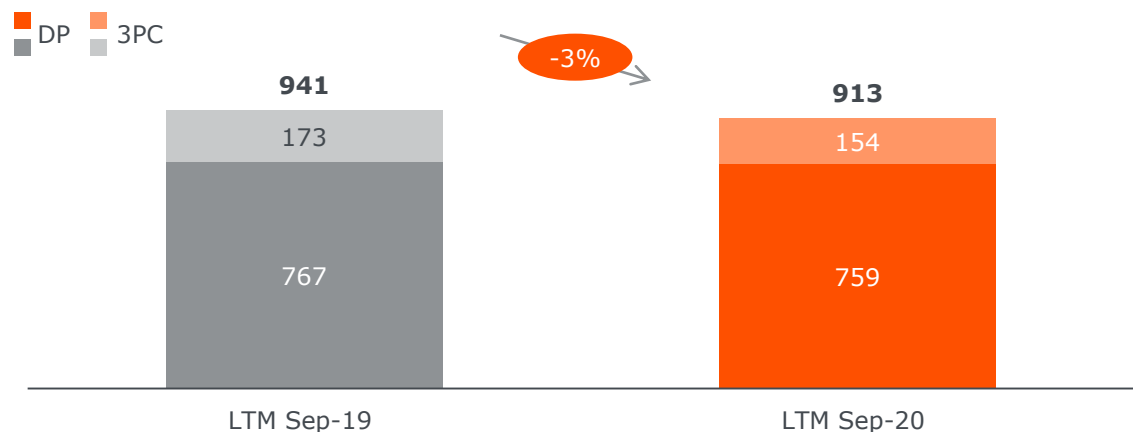
Cash Income by Geography (£m)



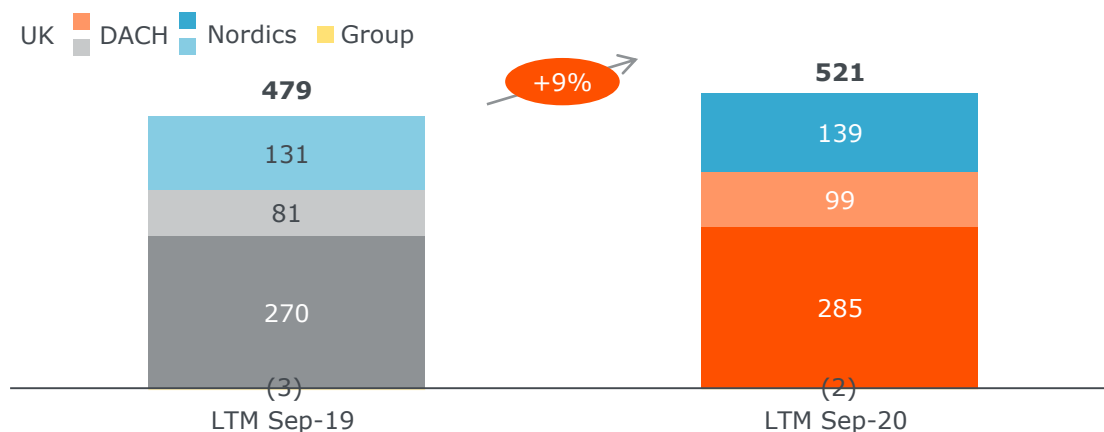
Gross Profit (£m)



Cash Income by Service Line (£m)



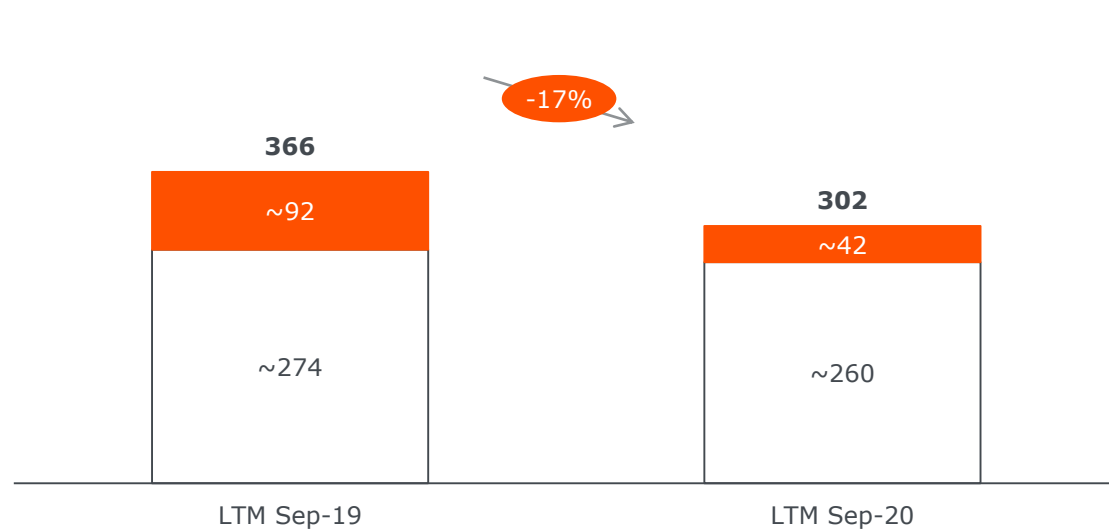
Cash EBITDA (£m)



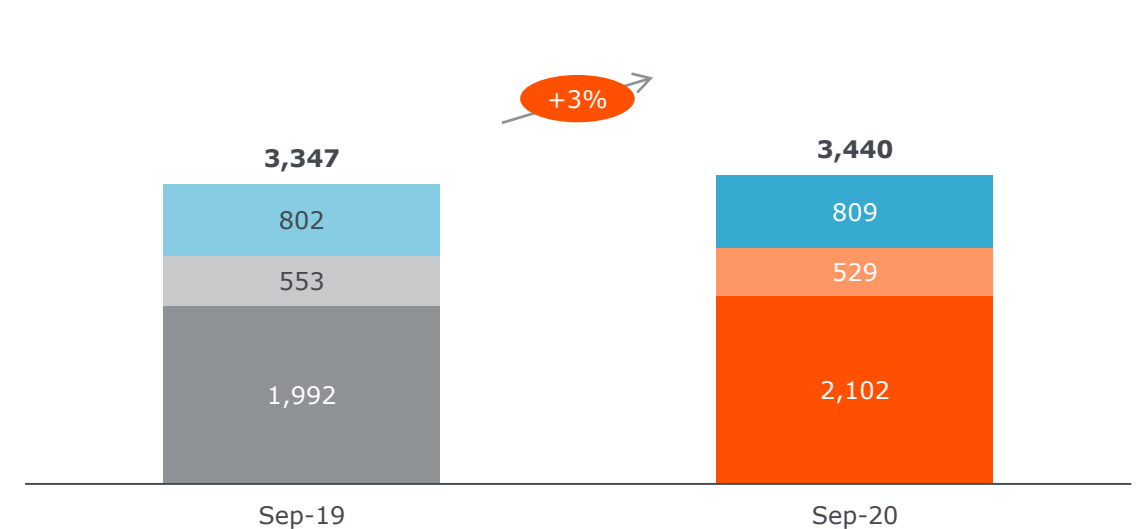
Disciplined Capital Deployment at Attractive IRRs

LTM Portfolio Acquisitions (£m)

□ Average Replacement Rate 1 ■ Capital Deployed for Growth



120m ERC (£m)

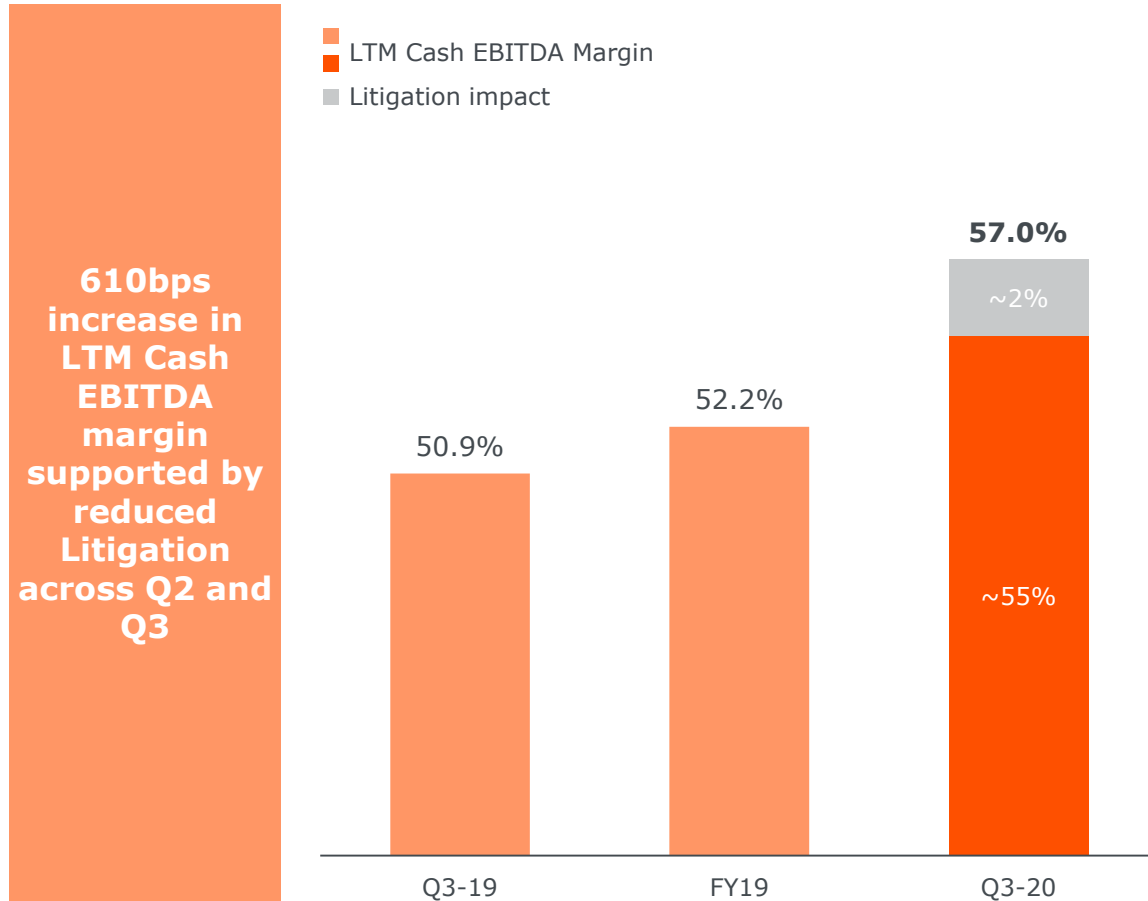


- Group continues to invest for growth with some ~£42m of capital deployed in excess of replacement rate
- FY20 vintage priced net IRR continues to track at ~19%
- Q3 Net Portfolio write-up of £12m largely reflects mechanical ERC roll forward

¹ For LTM Sep-20, Average Replacement Rate is an average of the Replacement Rate as calculated at Sep-20 and the Replacement Rate as calculated at Sep-19.

Margin Accretion Set to Continue

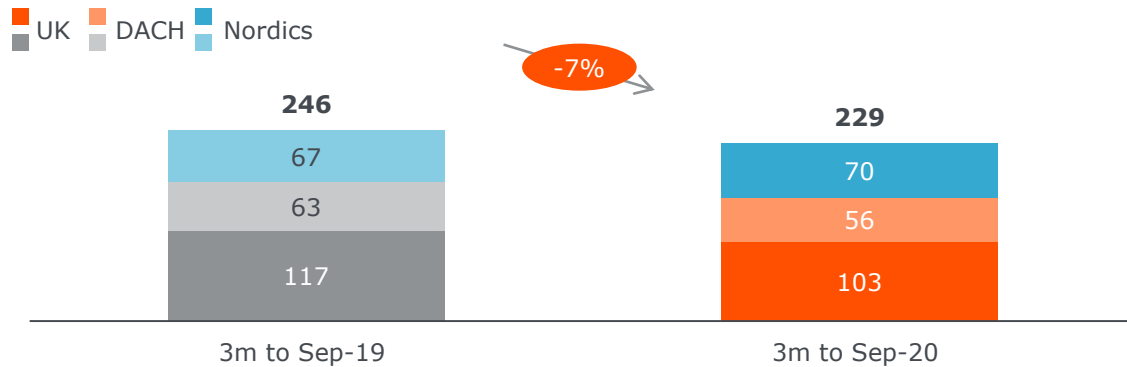
Sustainable efficiency improvements provide strong platform for 2021 and beyond



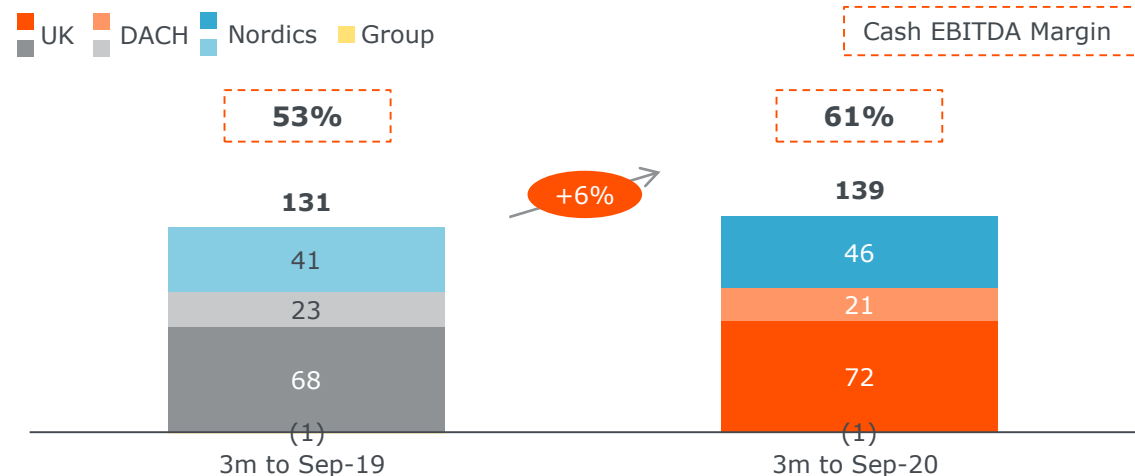
- Full year benefits of cost optimisation initiatives executed across LTM which have included:
 - Tactical cost reductions with focus on indirect and overheads;
 - Broad re-architecture of underlying IT infrastructure;
 - Implementation of new organisation structure in the Nordics; and
 - Final exit from TSAs with Intrum
- Further cost optimisation initiatives have already been initiated to drive material savings across the next two years:
 - Evolving debt collection processes in DACH to deliver a more automated and digital solution;
 - Streamlining the organisation design to drive efficiency resulting in a reduced headcount across the business; and
 - Increasing focus on process automation

Q3-20; Strong Collections and Continued Cost Control

Cash Income by Geography (£m)



Cash EBITDA (£m)



Collections resilience

- DACH and Nordics continue to perform in line with Dec-19 static pool
- UK performance continues to improve following recommencement of litigation and outbound activities
- Collection performance of 102% vs Jun-20 Static Pool

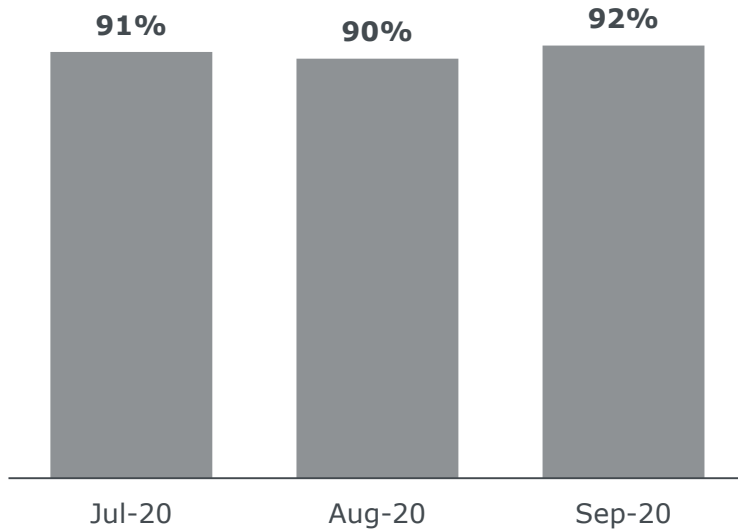
Continued margin accretion

- Supported by ongoing strong cost control; and
- Reduced litigation spend in UK across Q3 contributing ~2% margin improvement on an LTM basis

Collections Resilience

Group performing ahead of Jun-20 Static Pool at 102%

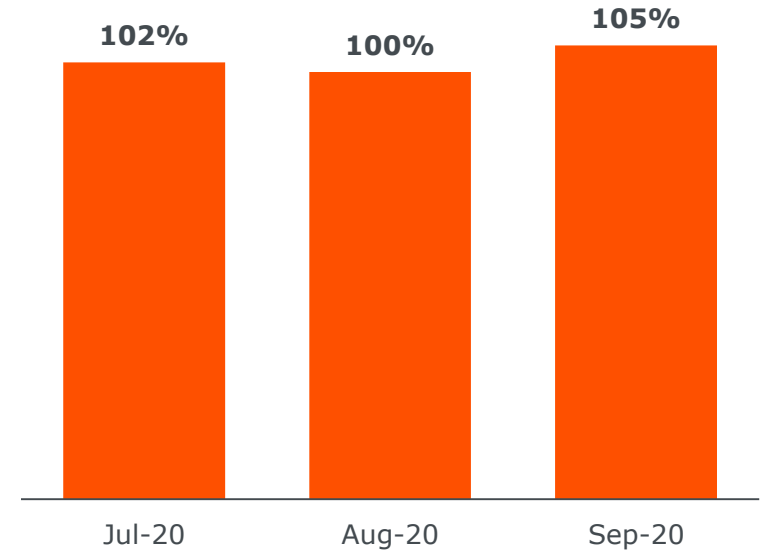
Q3 Monthly Performance vs Dec-19 Static Pool



93%
Cumulative Collection Performance vs Dec-19 Static Pool¹

102%
Cumulative Collection Performance vs Jun-20 Static Pool¹

Q3 Monthly Performance vs Jun-20 Static Pool



¹ Includes actual collections up to and including Sep-20.

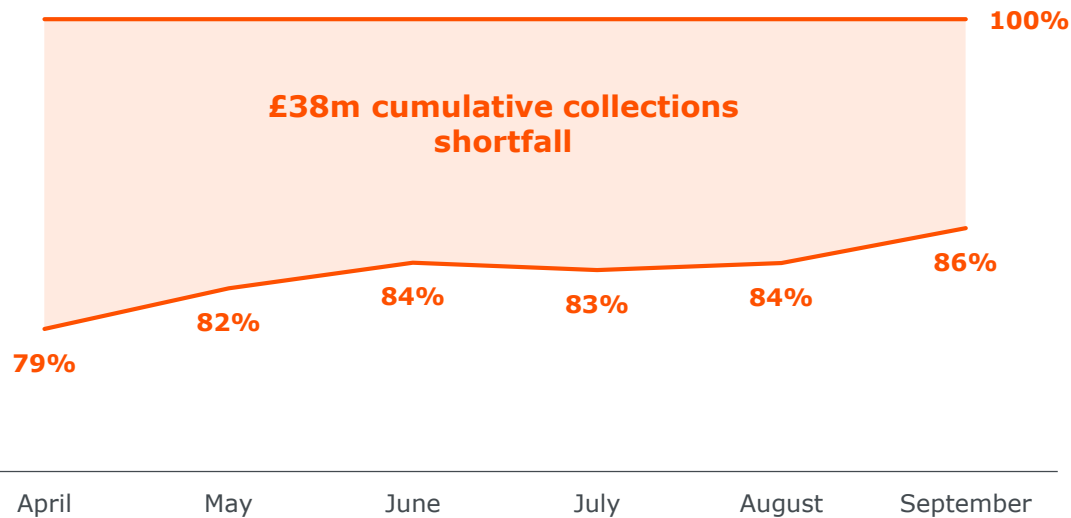
UK Collections Performance

UK performance improving vs Dec-19 Static Pool with performance expected to continue to improve into 2021

UK Collections Improving...

...Underpinned by Strong Consumer KPIs

UK static pool performance vs Dec-19 Static Pool ¹



£14.40

Average Monthly Payment

80%

Plans set up after Affordability Review²

~91%

Plans set up on Direct Debit

5.7%

LTM Default Rate³

¹ Collection performance vs UK Dec-19 Static Pool, not cumulative. ² YTD plans set up. ³ Default rate is the % of payment plans which made no payments in the month a payment was due.

Leverage and Liquidity at Sep-20 (Pre-Refinancing)

£m	Sep-20
Leverage	
Net Debt	2,434
Pro Forma LTM Cash EBITDA¹	527
Net Debt / LTM Cash EBITDA	4.6x
Leverage Guidance by 2021 – 2022	4.0x – 3.5x
Liquidity	
RCF capacity ²	406
Amounts drawn	(252)
Securitisation reset availability	52
Cash ³	99
Available Liquidity	306

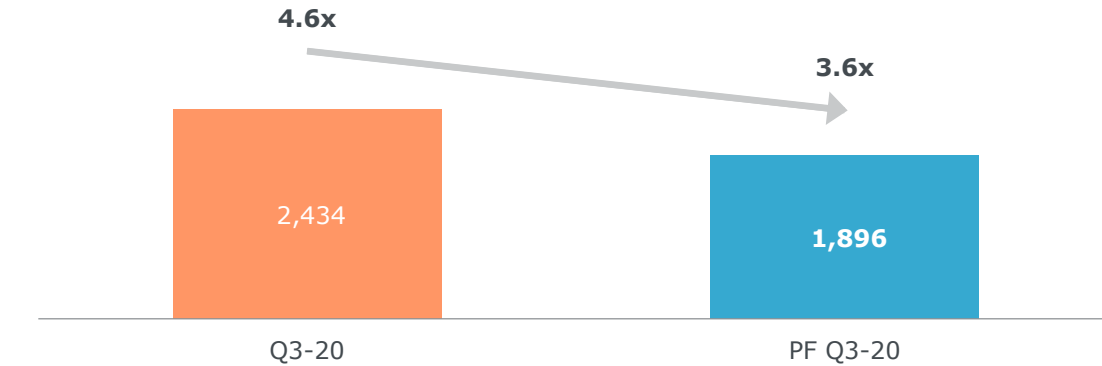
- £475m of LTM cash generated from operating activities before portfolio acquisitions
- Securitisation drawdown completed in Oct-20
- Group maintains significant liquidity of ~£306m
- Leverage reduction to 4.6x from 4.7x at Q2-20
- Q4 portfolio purchases may lead to a slight increase in Q4-20 leverage before returning to downward trajectory

¹ Pro Forma LTM Cash EBITDA includes Pro Forma cost adjustments of £6m. ² Calculated as €200m, plus 7.9% of the Group's 84m ERC. ³ Unrestricted cash on balance sheet as at Sep-20.

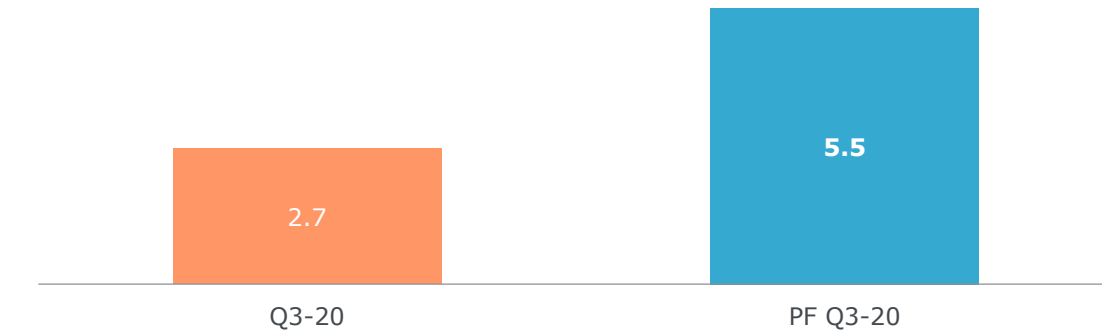
Refinancing Transaction Repositions Lowell's Capital Structure

Net Debt and Leverage

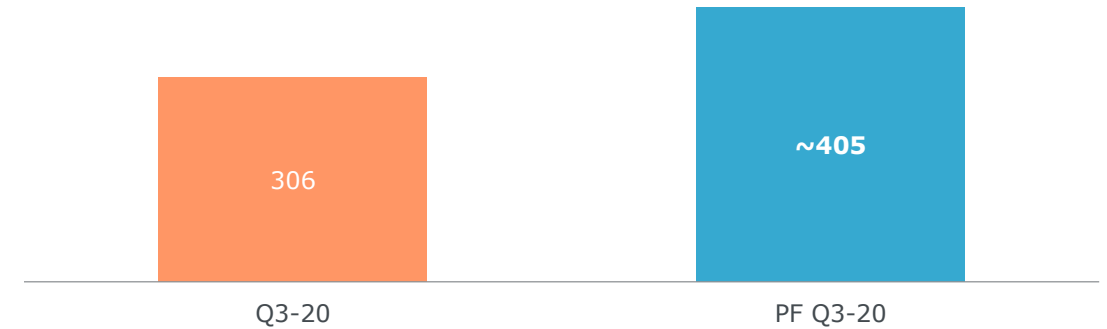
Net Debt (£m) Leverage



Average Maturity (years)



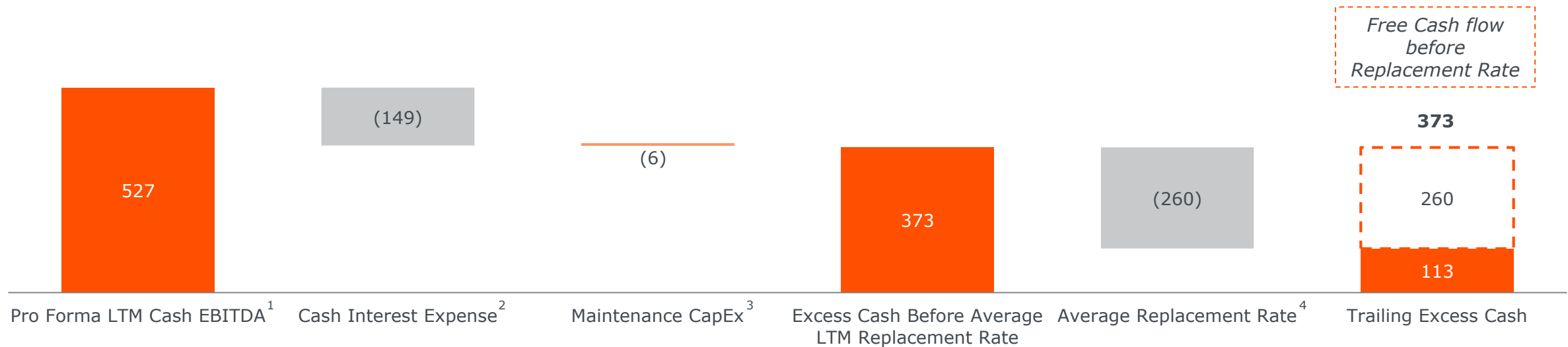
Liquidity (£m)



- Successfully refinanced all outstanding Senior Secured & Senior Notes and extended RCF in Nov-20
- Pro Forma for the refinancing transaction leverage reduced from 4.6x to 3.6x at Sep-20 on an all secured basis – within guided range of 4.0 – 3.5x
- Maturity profile extended with first maturity in 2025
- Pro Forma liquidity ~£405m at Sep-20; ~£100m increase

Increasing Cashflow Generation

The reduced Cash Interest Expense post Refinancing will benefit Trailing Excess Cash in future periods by ~£25m



£m	LTM Jun-19	LTM Sep-19	LTM Dec-19	LTM Mar-20	LTM Jun-20	LTM Sep-20
Trailing LTM Excess Cash before Average Replacement Rate	308	326	349	359	365	373
Average Replacement Rate ⁴	(266)	(274)	(282)	(276)	(258)	(260)
Excess Cash	42	51	67	84	107	113

~3x

Note: LTM Sep-20 the Group received a net Tax credit of ~£1m which has been excluded from the waterfall.¹ Pro Forma Cash EBITDA includes Pro Forma cost adjustments of ~£6m which represent adjustments made to the reflect the full run rate benefit of changes enacted. ² Cash Interest calculated as next 12 months interest on debt instruments and drawings as at Sep-20. ³ Management Pro Forma Group estimate as disclosed in Jan-18 Offering Memorandum. ⁴ Average Replacement Rate as calculated in Appendix.

Strong Performance Positions Us Well for the Future

5

...With a focus to upon innovation...

- Increased focus upon **capital-light solutions** (co-investment vehicle launched in 2020 and acquired Solvencia in Oct-20)
- Ongoing investment in **digital capabilities**

4

...Resulting in visible deleveraging...

- Strong underlying performance with **Cash EBITDA +9%** in LTM Q3-20
- Driving **net leverage reduction of 0.5x** from Q1-19 to 4.6x at Q3-20 and supporting solid liquidity position of £306m at Sep-20



1

...Strong cash generation...

- **Collections resilience demonstrated** (93% vs Dec-static 2019 pool and 102% vs Jun-20 static pool)
- LTM **£475m of cash generated from operating activities** before portfolio acquisitions

2

...With measured growth in DP...

- **Disciplined capital deployment** (-17% in LTM Q3-20)
- **2020 Vintage IRR tracking at ~19%**

3

...Material efficiency improvement...

- Track record of diligent direct and indirect **cost management**
- **+610bps Cash EBITDA margin uplift** in LTM Q3-20

Concluding Remarks

Continued track record of profitable growth, collections resilience and disciplined capital deployment

Margin accretion trend expected to continue supported by sustainable cost reduction

Capital structure repositioning and improving cash generation further strengthening liquidity position

Well placed to capture increasing NPL opportunities

£521m

LTM Sep-20
Cash EBITDA

57%

LTM Sep-20 Cash
EBITDA Margin

102%

Cumulative Collection
Performance vs. Jun-20
Static Pool ¹

3.6x

Pro Forma Leverage ²

~£405m

Available Liquidity ³

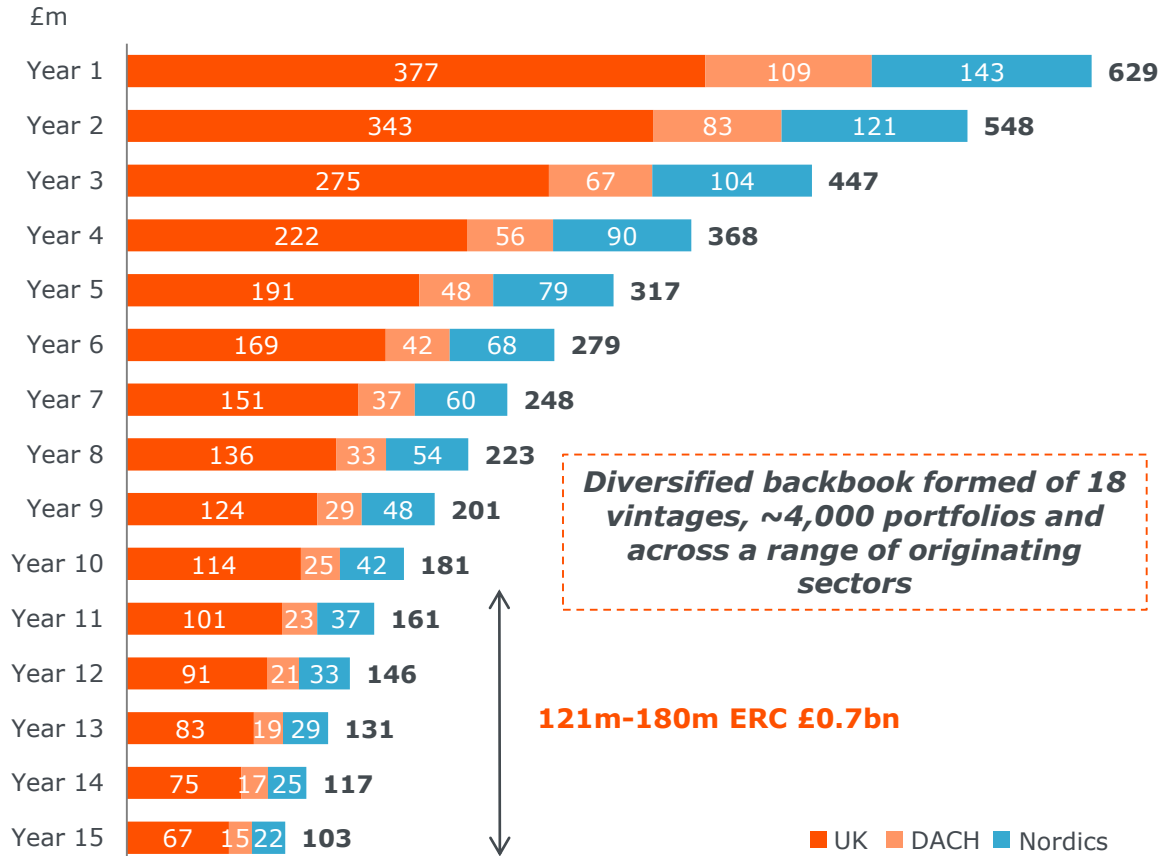
¹ Includes actual collections up to and including Sep-20. ² Calculated as Net Debt / LTM Sep-20 Pro Forma Cash EBITDA (Pro Forma for the transaction)

³ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisation as at Sep-20 (Pro Forma for the transaction)

Appendix

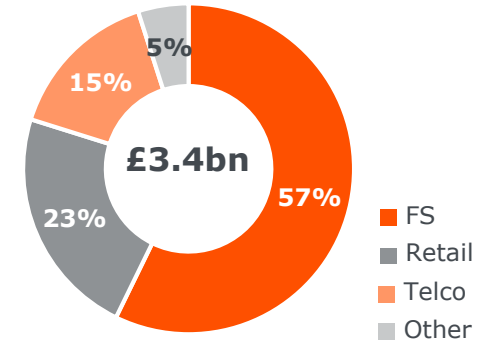
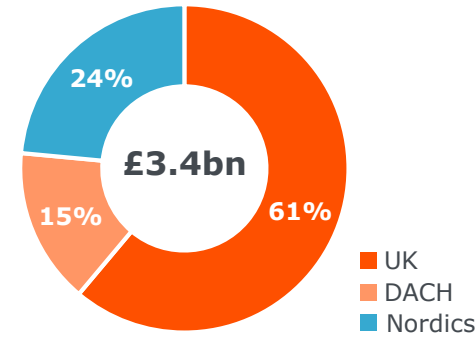
ERC Profile: Attractive Assets of Scale, Diversification and Liquidation Visibility

ERC Profile

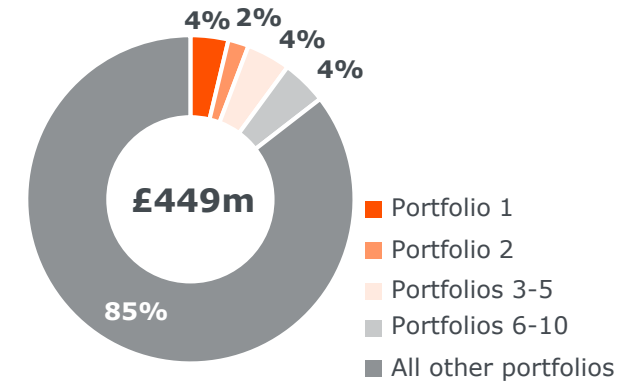


Underpinned by Diversified Asset Base

120m ERC¹



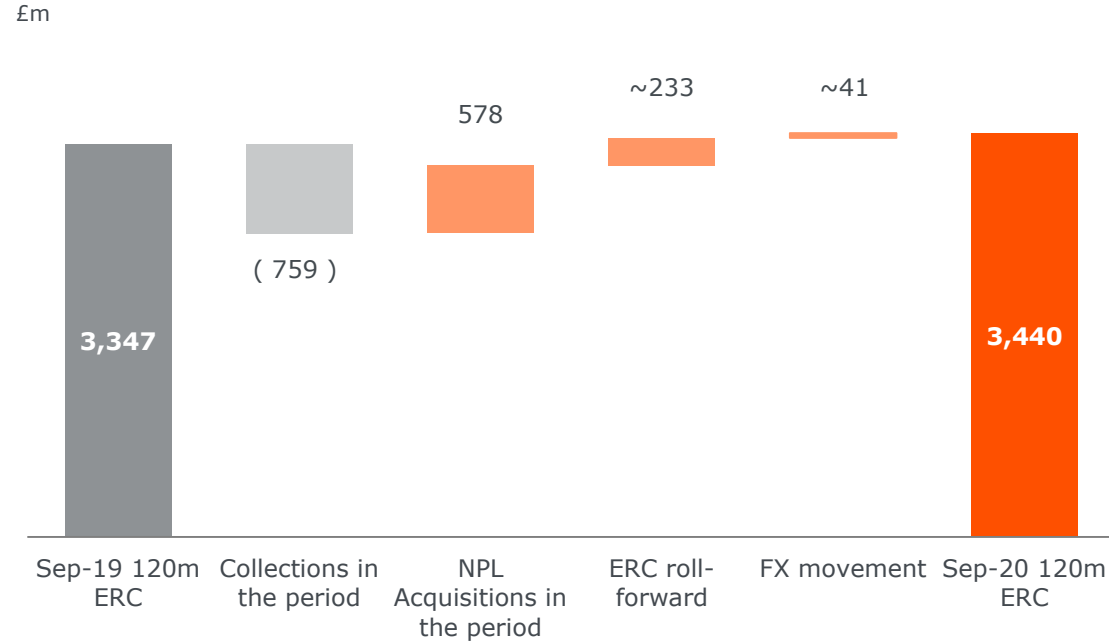
Revenue by Portfolio²



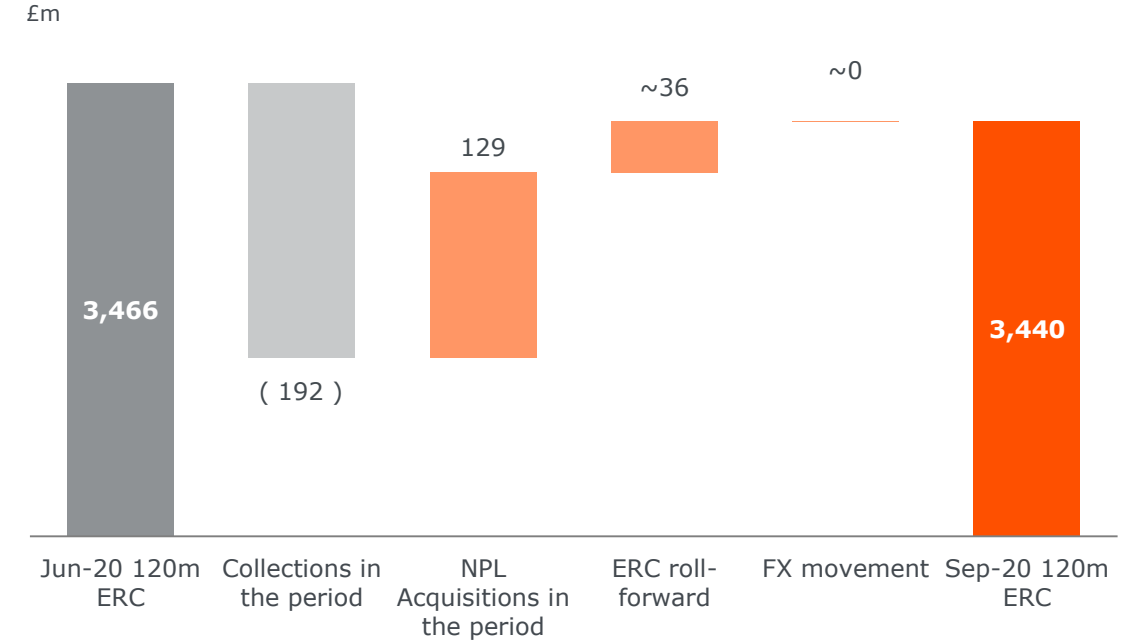
¹ As of Sep-20. ² Debt Purchase revenue (defined as Income from portfolio investments and Net portfolio write up) in LTM Q2-20 split by portfolio highlighting the top 10 in quantum.

120m ERC Roll-Forward

ERC Roll-Forward; Sep-19 to Sep-20

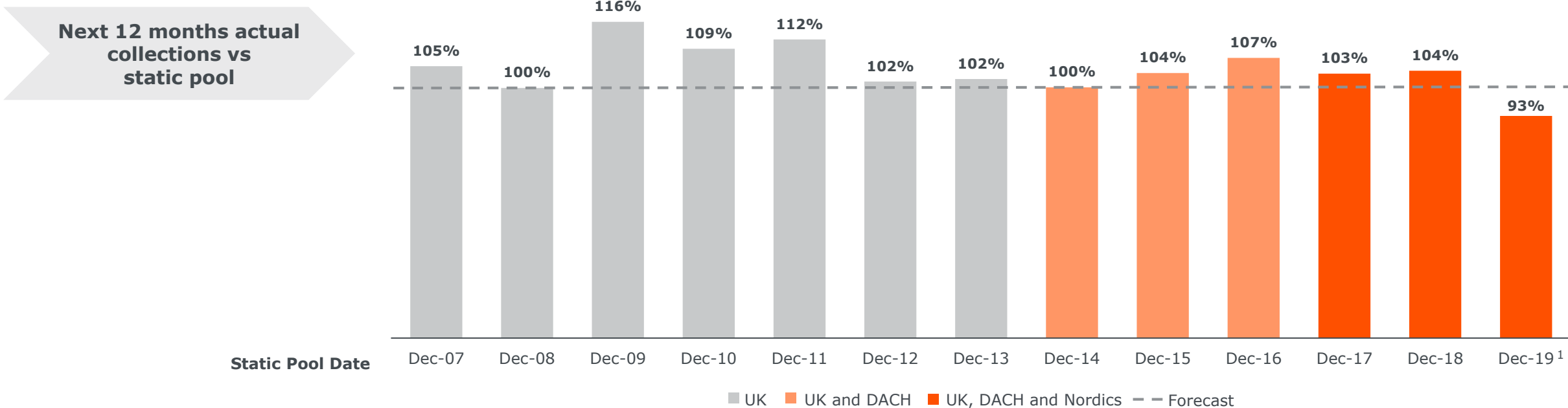


ERC Roll-Forward; Jun-20 to Sep-20



- NPL Acquisitions in the period: purchases in the period grossed up to 120m ERC based on respective priced 120m GMMs
- ERC roll-forward takes into account:
 - Mechanical nature of revaluation (roll-in of value present in the tail)
 - Change in collections expectations leading to an uplift or reduction in estimated cash-flows

Track Record of Collections Resilience



¹Actual collection performance for the 9 months to Sep-20 vs Dec-19 static pool. Group collection performance below 100% as a result of actions taken in UK to pause litigation and limit outbound dialling across Q2-20

Reconciling to the Financial Statements

Reported Income to Cash Income

	DP	3PC	Group Total
Income from Portfolio Investments	97	-	97
<i>Add Portfolio Amortisation</i>	94	-	94
DP Cash Income	192	-	192
Service Revenue	-	47	47
<i>Less Lawyer Service Income</i>	-	(9)	(9)
3PC Cash Income	-	37	37
A Total Cash Income	192	37	229

Reported Costs to Normalised Costs

	DP	3PC	Group Total
Collection Activity Costs	-	-	65
<i>Less Lawyer Service Costs</i>	-	-	(9)
<i>Less Non recurring costs</i>	-	-	(0)
B Normalised Collection Activity Costs	32	23	56

Gross Profit Calculation

	DP	3PC	Group Total
A Cash Income	192	37	229
B Collection Activity Costs	(32)	(23)	(56)
C Gross Profit	160	14	174
C/A Gross Profit Margin	83%	38%	76%

Other Expenses

	Group Total
Other Expenses	54
<i>Less Depreciation, Amortisation & Impairment</i>	(11)
<i>Less Non recurring costs</i>	(7)
Normalised Other Expenses	36

Calculation of Group ERC Replacement Rate Using Static GMM

Group (£m)		
		Sep-20
	Group ERC ¹	3,681
	Year 1 Collections	629
	Roll-forward (UK – YR11, DACH and Nordics – YR16)	133
A	Collections to replace	496
	2019 vintage Static GMM	1.9x
	2020 vintage Static GMM	2.1x
B	Blended Static GMM ²	2.0x
A/B	Replacement Rate as calculated at Sep-20	249
	Replacement Rate as calculated at Sep-19	271
	Average LTM Replacement Rate ³	260

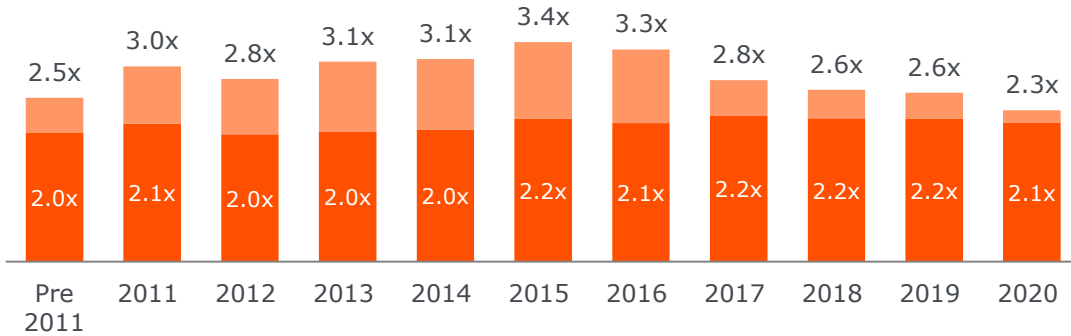
GMM Weighted Average Calculation				
	UK	DACH	Nordics	Total
2019 Vintage				
Purchases (£m)	234	65	98	397
% of total purchases	59%	16%	25%	100%
Actual Static GMM	2.1x	1.6x	1.7x	
Weighted Average				1.9x
2020 Vintage				
Purchases (£m)	127	25	28	180
% of total purchases	70%	14%	16%	100%
Actual Static GMM	2.1x	1.9x	2.1x	
Weighted Average				2.1x
Blended Static GMM				2.0x

¹ Group ERC represents 120m for UK and 180m for DACH and Nordics. ² Blended GMM represents the weighted average static GMM for 2019 and 2020 vintages, across the UK, DACH and Nordics as at Sep-20.

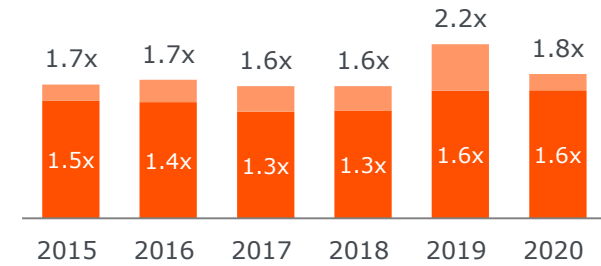
³ Average Replacement Rate is an average of the Replacement Rate as calculated at Sep-20 and the Replacement Rate as calculated at Sep-19.

GMM Per Vintage – Pricing vs Current

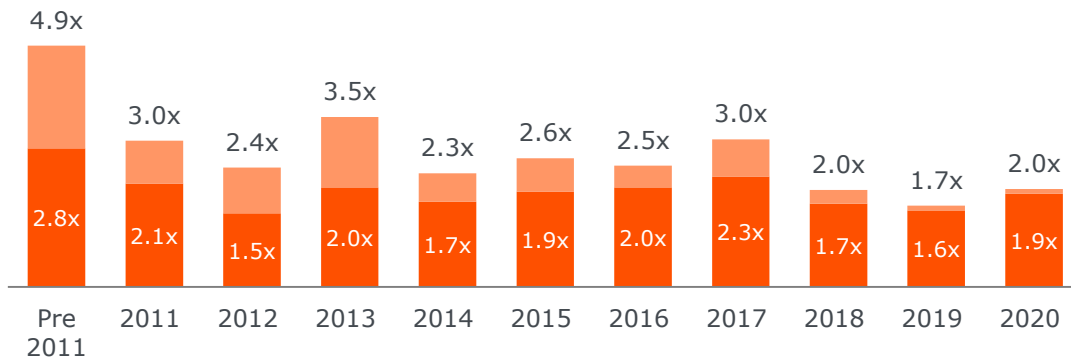
UK Non-Paying¹



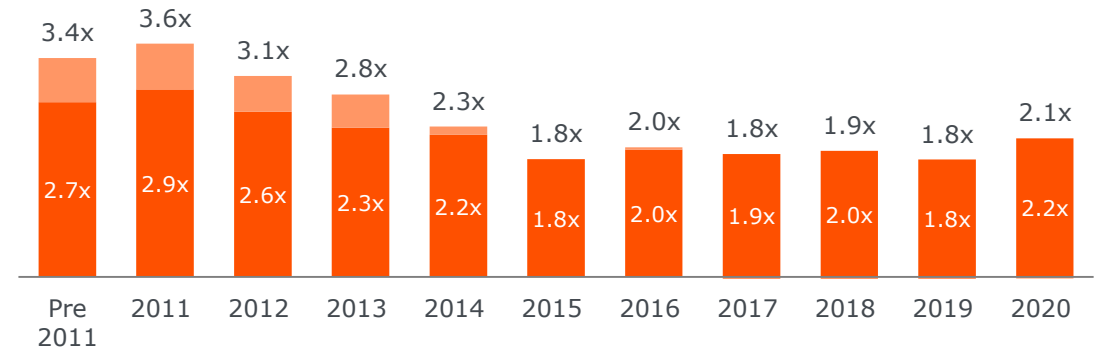
UK Paying¹



DACH²



Nordics²



■ Priced GMM ■ Current GMM

Note: Current GMM is calculated using actual collections to Sep-20 plus ERC across the next 120m (UK) and 180m (DACH and Nordics).

¹ UK based on 120m ERC. GMM at pricing based on initial 120m only priced collection expectation. UK Paying: These portfolios are determined at the point of acquisition based on the proportion of accounts within that portfolio which are set up on a payment plan. UK Non-Paying GMM pre-2015 reflect total UK GMMs (Paying and Non-Paying, where applicable). ² Based on 180m ERC. GMM at pricing based on initial 180m only priced collection expectation.

Net Debt and Borrowings as at 30 September 2020 (Pre Refinancing)

Net Debt (£m)

Bond Principal

£565m Senior Secured Notes 8.5%	565
€365m Senior Secured Notes 7.5%	333
€415m Senior Secured Notes EURIBOR +3.5%	378
€530m Senior Secured Notes EURIBOR +4.5%	483
SEK1,280m Senior Secured Notes STIBOR +4.75%	110
£230m Senior Notes 11%	197 ²

RCF Drawings and Other

GBP Drawn RCF	188
EUR Drawn RCF	64
UK Securitisation	203
DACH Securitisation	12

Cash

Cash ¹	99
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Senior Secured Net Debt	2,023
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Net Debt	2,434
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Gross Debt	2,534
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Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
GBP m	565	Senior secured notes	Nov-22	8.50%	GH3
EUR m	365	Senior secured notes	Aug-22	7.50%	GH3
EUR m	415	Senior secured notes	Sep-23	EURIBOR +3.50%	GH3
EUR m	530	Senior secured notes	Sep-23	EURIBOR +4.50%	GH3
SEK m	1,280	Senior secured notes	Sep-23	STIBOR +4.75%	GH3
GBP m	197 ²	Senior notes	Nov-23	11.00%	GH2

Revolving Credit Facility (RCF) and Other

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured RCF	31-Dec-21	LIBOR / EURIBOR	3.50%
GBP m	255	Asset Backed Loan	Apr-24	LIBOR	2.85%

Note: In November 2020 the Group completed a £1.6bn bond issuance and the redemption of all Senior Secured and Senior Unsecured Notes in issue. The Group also had an equity injection of £600m and agreed an extension of the RCF to 2025. ¹ Excludes restricted cash. ² The Group repurchased £33.5m of the bonds in August 2019.

Pro Forma Net Debt and Borrowings as at 30 September 2020

Net Debt (£m)

Bond Principal

£400m Senior Secured Notes 7.75%	400
€740m Senior Secured Notes 6.75%	675
€600m Senior Secured Notes EURIBOR +6.25%	547

RCF Drawings and Other

Drawn RCF	159
UK Securitisation	203
DACH Securitisation	12

Cash

Cash	99
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Senior Secured Net Debt	1,682
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Net Debt	1,896
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Gross Debt	1,996
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Bonds

Currency	Issue	Security	Maturity	Coupon	Issuer
GBP m	400	Senior secured notes	Nov-25	7.75%	GH3
EUR m	740	Senior secured notes	Nov-25	6.75%	GH3
EUR m	600	Senior secured notes	Nov-26	EURIBOR +6.25%	GH3

Revolving Credit Facility (RCF) and Other

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured RCF	Aug-25	LIBOR / EURIBOR	3.50%
GBP m	255	Asset Backed Loan	Apr-24	LIBOR	2.85%

Glossary

3PC	-	Third Party Collection	
Acquisitions	-	The purchases of NPLs	
AuM	-	Assets under Management	
Cash EBITDA	-	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	
Cash Income	-	Total income for the period adding back portfolio amortisation and portfolio fair value release and deducting net portfolio write-up, lawyer service revenue, other revenue (less payment services income) and other income	
CMS	-	Credit Management Services	
DACH	-	Germany, Austria and Switzerland	
DP	-	Debt Purchase	
EBITDA	-	Defined as operating profit plus depreciation and amortisation, non-recurring costs and exceptional items (net of exceptional income) and portfolio fair value adjustment (where applicable)	
ERC	-	Estimated Remaining Collections over 84, 120 or 180 months	
EURIBOR	-	Euro Interbank Offer Rate	
GMM	-	'Gross money multiple', being the expected collections on a portfolio or particular vintage, divided by its respective purchase price. Reported on either a 'static' or 'current' basis	
Gross Profit	-	Gross Profit calculated as Cash Income less Collection Activity Costs excluding Lawyer Service activity, less the amounts captured within Collection Activity Costs related to Non-recurring Costs / Exceptional Items (net of exceptional income)	
IFRS	-	International Financial Reporting Standards	
LIBOR	-	London Interbank Offer Rate	
Net Debt	-	Senior Secured Notes bond principal plus Senior Notes bond principal plus RCF drawn amounts plus securitisation drawn amounts less cash	
Nordics	-	For the purpose of the presentation include Sweden, Denmark, Norway, Finland and Estonia (up to the point of disposal)	
NPL	-	Non Performing Loans	
RCF	-	Revolving Credit Facility	
Replacement Rate	-	The estimated amount of purchases to maintain current Group ERC	
Static GMM	-	'Gross money multiple' reported on a 'static' basis, being the collections to date and the expected collections on a portfolio or particular vintage, together restricted to 120 or 180 months, divided by its respective purchase price	
STIBOR	-	Stockholm Interbank Offer Rate	

Upcoming Events

Results

- FY20 Results – March 2021
- Q1-21 Results – May 2021

Investor Relations

- Goldman Sachs – Credit Management Services Conference, 8 December 2020

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