Press Release
2 August 2021 / 7.00am BST

Lowell Second Quarter Results 2021

A Sustainable Platform Built on Resilience, Efficiency and Delivery

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 30 June 2021.

Commenting on today's announcement Colin Storrar, Group Chief Executive Officer, said:

"These results demonstrate another quarter of sustained positive development, with strong collection performance and an ongoing focus upon continued margin accretion. We're also delighted to publish our inaugural Sustainability scorecard, which provides greater insight as to how we work. We believe our ESG disclosures now represent leading transparency for our industry."

Key Highlights

- Strong collection performance at 111% of Dec-20 static pool
- LTM Cash EBITDA margin increase of ~100bps YoY
- Successful launch of digital app in the UK to further strengthen digital engagement which saw strong collections growth of 33% YoY
- Significant increase in purchases with £130m of capital deployed in the quarter and full year guidance increasing by £50m to £350m
- Funding strengthened with the further development of capital structure with an increase in total securitisation commitments of £150m
- Leverage reduced 0.3x across H1-21 to 3.5x, comfortably at the lower end of the 4.0 – 3.5x guidance
- Well positioned to take advantage of the increasing level of market opportunities with £655m liquidity

Key Financial Highlights

As at 30 June 2021	Q2-21	Q2-20	Change
Cash Income	231	215	+7%
Cash EBITDA	139	128	+9%
LTM Cash EBITDA Margin	56%	55%	+~100bps
Portfolio Acquisitions	130	62	+109%

Outlook

As we move in to the second half of the year, we remain encouraged by the strength of our business and the talent of our people. We are in an excellent position to participate in the growing pipeline of NPL opportunities given our careful balance sheet management and strong position of liquidity. Delivery of our cost efficiency actions is apparent and the continued focus on digital transformation across the Group is only going to further support the improving efficiency in our collection platforms, providing a sustainable platform for future growth.

Group Financial Performance

Continued strong collection performance

Collection performance has continued to outperform forecasts across all three regions, performing at 111% for the six months to Jun-21. This continued resilience in collections is very encouraging and will be further supported by the Group's continued investment in digital engagement which ensures customers can engage through their channel of choice.

Cost efficiency actions on track with margin widening

Our cost actions continue to track in line with expectation; LTM Operating Expenses are down £19m YoY and LTM Cash EBTIDA margin has increased ~100bps to 56%. We are well on target to meet the 300bps margin accretion guidance already provided for FY22.

Our continued investment in efficiency and digital transformation will benefit all regions as we move forward leveraging economies of scale through balanced growth and capturing the growing NPL opportunities.

Acceleration of capital deployment

Portfolio acquisitions increased significantly in the quarter to £130m (YTD £163m) and £325m on an LTM basis, above our average Replacement Rate of ~£249m.

We have strong visibility as to the purchasing pipeline and the growing level of NPL opportunities; as such we have revised our FY21 capital deployment guidance upward by £50m to £350m as the Group looks to prudently increase spend and capture the attractive returns on offer in support of balanced growth.

We believe the future market opportunity remains attractive across our regions and that NPL volumes will continue to grow across the next 12-24 months.

Capital structure development

We successfully increased our securitisation commitments by £150m to £400m in total with the execution of a new facility. Simultaneous to this we extended the existing facility by 12 months to July 2025, whilst reducing the commitment from £225m to £175m.

The Group is well positioned to enact on its balanced growth strategy. It has significant balance sheet capacity supplemented by the flexibility of £655m of available liquidity. Leverage reduced 0.3x across H1-21 and remains at the lower end of the guided range of 4.0x – 3.5x.

Conference Call and Webcast

Call and webcast live at 10.00am (BST) Monday 2 August 2021

Registration details
- Webcast (listen only with digital question submission)
  - https://tv.streamfabriken.com/lowell-group-q2-2021
- Call (with interactive Q&A)
  - UK: +44 3333 0090 34
  - Further lines available here

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Legal Disclaimer

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By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that the Group's or any of its affiliate's actual results of operations, financial condition and liquidity, and the development of the industries in which they operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this press release. In addition, even if the Group's or any of its affiliate's results of operations, financial condition and liquidity, and the development of the industries in which they operate, are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

About Lowell

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all and a commitment to fair and ethical customer practices. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, and Sweden. The Group employs over 4,000 people, including 1,500 in the UK.

Lowell's unparalleled combination of data analytics, deep consumer 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 is committed to delivering the most fair and affordable 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