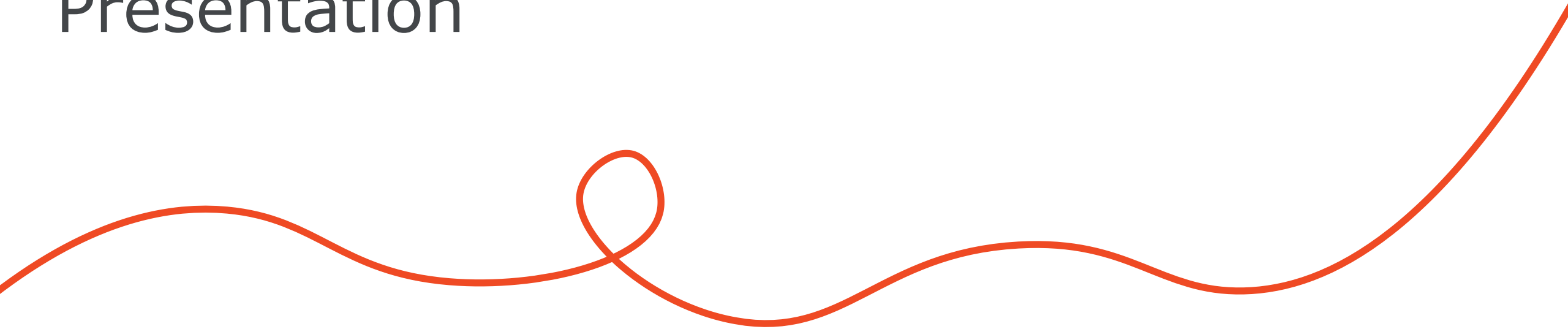




# Q3-21 Results Presentation



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## Another Quarter of Financial Delivery

**108%** Collections vs Static Pool<sup>1</sup>

**56%** LTM Cash EBITDA Margin

**£219m** Capital Deployed YTD

**3.6x** Net Leverage

- ◇ Continuation of strong collection performance at 108% vs Dec-20 static pool
- ◇ Underlying LTM margin accretion to 56% driven by ongoing delivery of cost actions in support of +300bps margin guidance
- ◇ On track to achieve >£350m purchasing guidance
- ◇ Leverage at the lower end of our publicly guided range at 3.6x
- ◇ Substantial available liquidity of £614 million

<sup>1</sup> Collection performance for the 9 months to Sep-21 vs Dec-20 static pool.

# Continuation of Strong H1 Performance

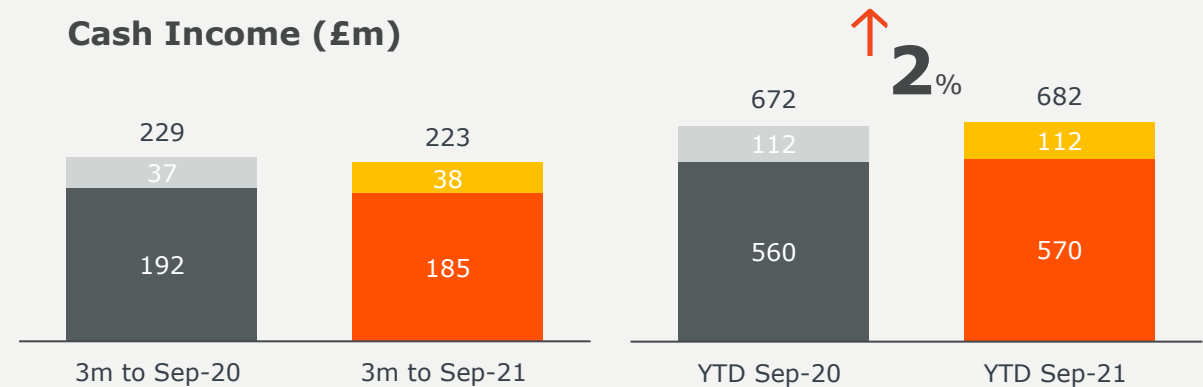
**108%** DP Collection performance vs Dec-20 Static Pool<sup>1</sup>

**56%** LTM Cash EBITDA Margin

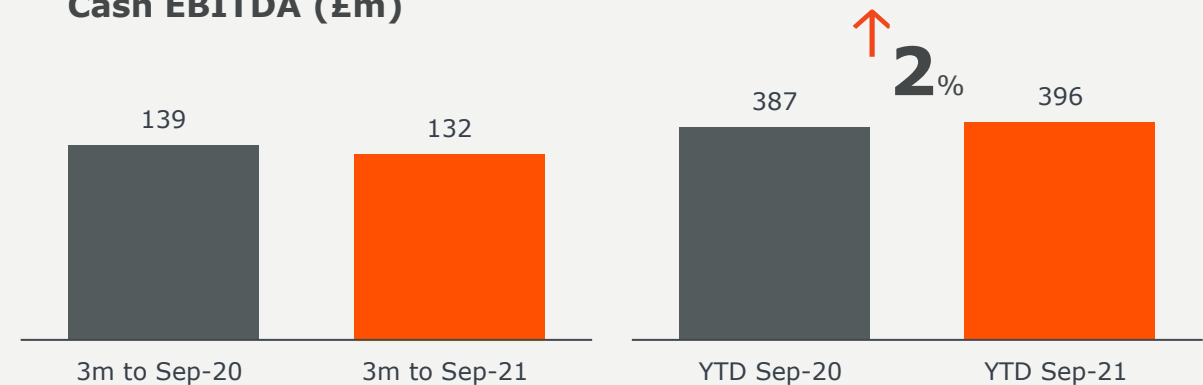
- ◇ Collections continued to perform well across all three regions
- ◇ Comparative period included benefit from previous strategic asset sales (in both Cash Income and Cash EBITDA) as disclosed at Q3-20
- ◇ Comparative also included reduced collection activity and associated costs in response to customer actions taken due to Covid-19
- ◇ Positive underlying performance with encouraging growth as capital deployment levels are increased above FY20 levels
- ◇ 3PC performance stable with placement volumes slowly increasing toward pre-pandemic levels

<sup>1</sup> Collection performance for the 9 months to Sep-21 vs Dec-20 static pool.

## Cash Income (£m)



## Cash EBITDA (£m)



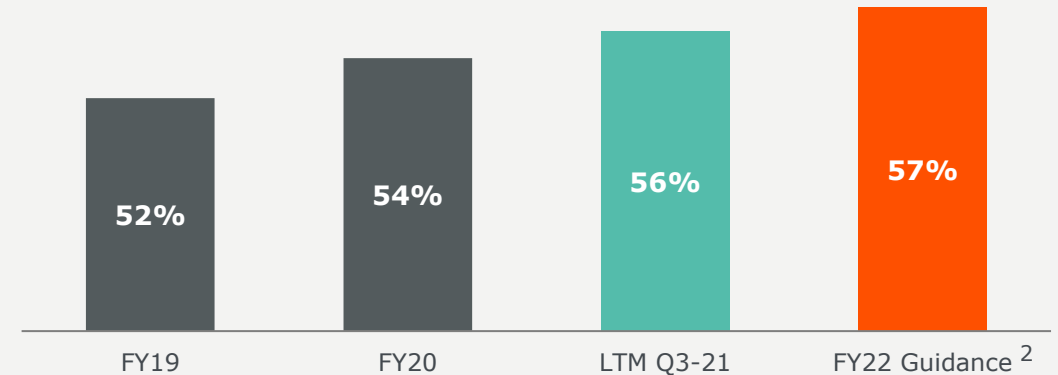
# Positive Margin and Cost Trajectory

- ◇ Excellent margin delivery;
  - ◇ +300bps guidance set to be delivered ahead of target
- ◇ Digital initiatives continue to improve efficiency;
  - ◇ LTM digital led payments up 32% YoY<sup>1</sup>
- ◇ Positive Opex trend;
  - ◇ Underlying LTM Opex of ~£410m is >10% down on FY19 levels
- ◇ Q3-21 Opex includes one-off ~£10m;
  - ◇ Paid to former DACH shareholder following settlement of legacy tax case in favour of GFKL
  - ◇ No net impact to Lowell; offsetting tax benefit

<sup>1</sup> Quantum of UK digital led collections.

<sup>2</sup> Original guidance of 300bps from underlying 54% base, as disclosed at Q2-20. <sup>3</sup> As shown in Appendix. Underlying Opex when adjusting for Non-recurring items, Depreciation and Amortisation and Lawyer Service Costs.

## Cash EBITDA Margin (%)



**+300**bps Margin accretion guidance to be achieved by FY21<sup>2</sup>

**-£53**m Underlying Opex reduction vs FY19<sup>3</sup>

# Strong Collection Performance Across All Three Regions

LTM Q3-21	UK		DACH		Nordics	
Cash Income	£459m	↑ 7%	£205m	↓ 17%	£240m	↑ 2%
Cash EBITDA	£296m	↑ 4%	£79m	↓ 21%	£138m	↓ 1%
Cash EBITDA Margin	64%		38%		57%	
Collection Performance <sup>1</sup>	109%		108%		106%	
Commentary	<ul style="list-style-type: none"> <li>◇ Collection resilience and continued recovery of deferred collections</li> <li>◇ Increased digital engagement driving efficiency improvement</li> <li>◇ Constructive purchasing environment</li> </ul>		<ul style="list-style-type: none"> <li>◇ Consistent collection performance</li> <li>◇ Reduced NPL volumes softening headline metrics but stable margin performance</li> <li>◇ Comparative included strategic asset sale to Co-invest partner (~£8m)</li> <li>◇ Increasing level of NPL opportunities visible across Q4 and in to FY22</li> </ul>		<ul style="list-style-type: none"> <li>◇ Collections continue to outperform static pool forecasts</li> <li>◇ Completion of two material DP transactions recently in the region</li> <li>◇ Comparative included strategic asset sale to Co-invest partner (~£10m)</li> <li>◇ Strong and encouraging pipeline of opportunities in the region</li> </ul>	

<sup>1</sup> Actual collection performance for the 9 months to Sep-21 vs Dec-20 static pool.

# Stable and Resilient Balance Sheet

ERC and book value of assets growing as Group increases capital deployment and collections continue to outperform estimates

**£1.2bn**

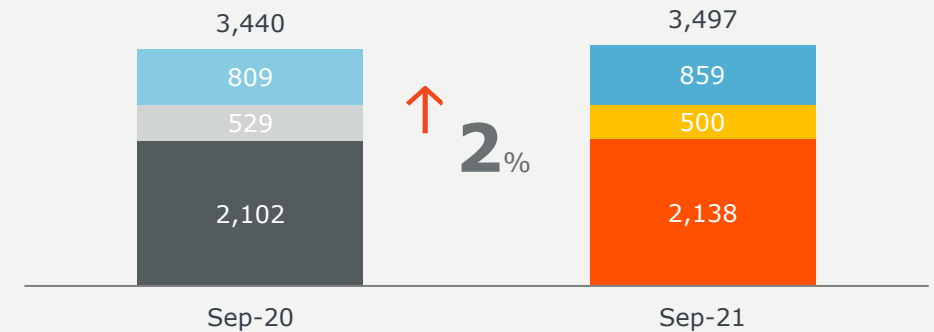
Collections forecast across next 24 months

**£20m**

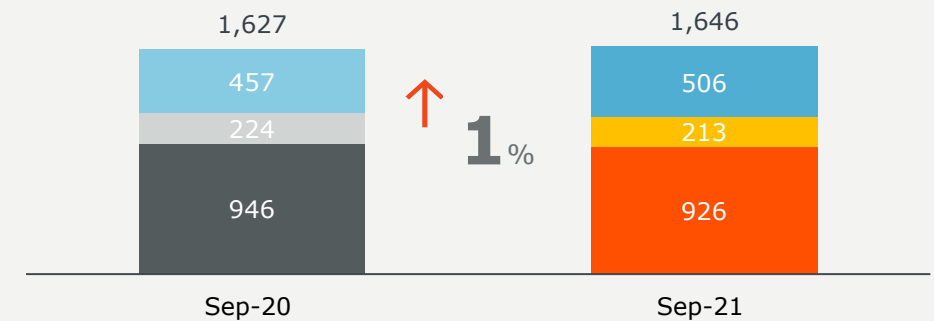
Net Portfolio Write-up; benefitting from outperformance and roll-forward

UK DACH Nordics

## 120m ERC (£m)



## Book Value (£m)



Note: Book value calculated using the EIR method discounting future expected cash receipts of the acquired portfolio assets to the net carrying amount at initial recognition. This is done on an 84m basis (UK) and 120m basis (DACH and Nordics).

# Healthy Cash and Investment Position

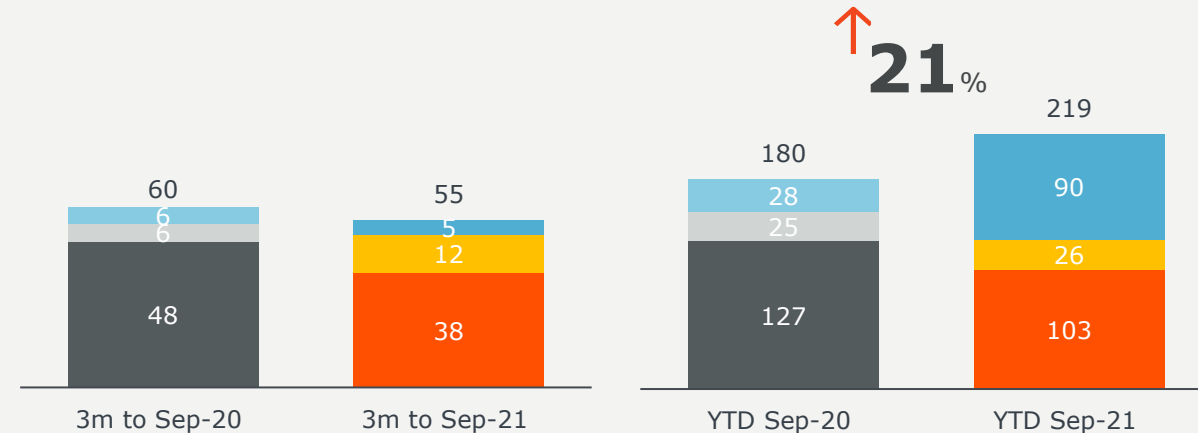
**£614<sub>m</sub>** Available Liquidity<sup>1</sup>

**3.6<sub>x</sub>** Net Leverage

- ◇ Healthy in-quarter level of portfolio purchases with YTD spend now at £219m
- ◇ Increasing market volume and strong visibility provide confidence as to FY21 guidance of at least £350m
- ◇ LTM Sep-21 spend of £320m continues to track ahead of Replacement Rate as we invest for growth
- ◇ Leading position of liquidity with £614m of capital available to deploy
- ◇ Leverage continues at lower end of publicly guided range

<sup>1</sup> Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisations at 30 September 2021

## Purchases (£m)



**>£350<sub>m</sub>** FY21 Purchasing Guidance



# Attractive Cash Generation

The Group is benefitting from resilient collection performance and increasing cost efficiency

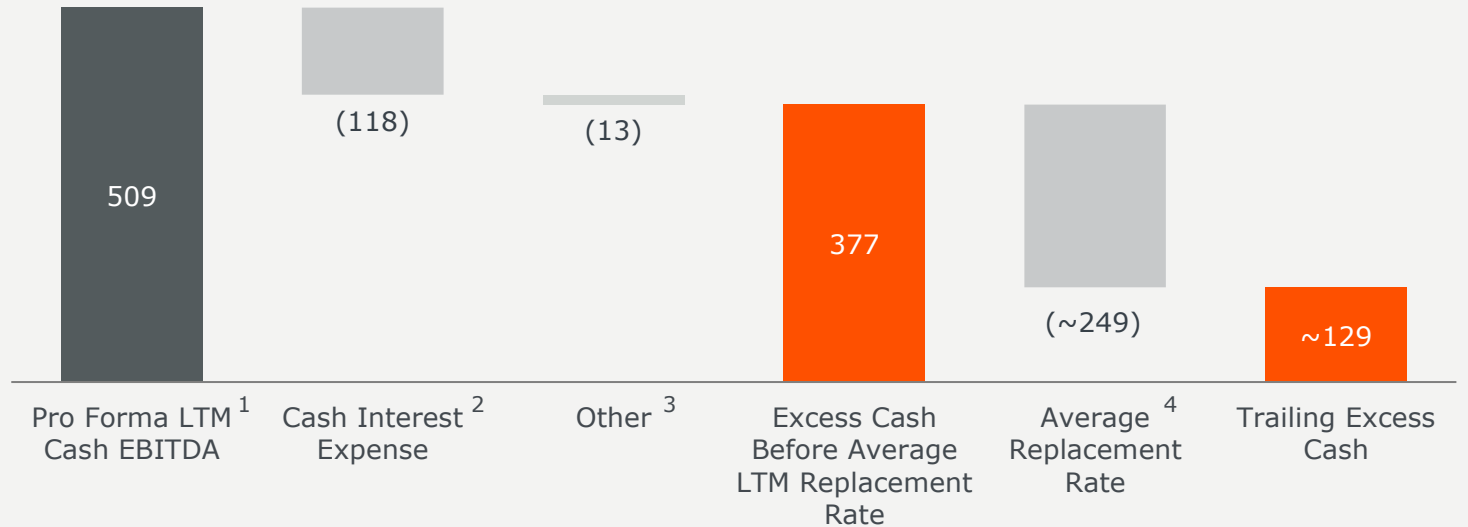
£377m

Cash generation before Portfolio Purchases

~£129m

Excess Cash generated to fund growth

Trailing Steady State Cash Flow (£m)



<sup>1</sup> Pro Forma Cash EBITDA includes ~£5m of Pro Forma cost adjustments. <sup>2</sup> Cash Interest calculated as next 12 months interest on debt instruments and drawings as of 30 Sep 2021. <sup>3</sup> Other represents Cash tax expenses paid in LTM Q3-21 (£8m) and Management maintenance capex estimate (£6m). <sup>4</sup> Average Replacement Rate as calculated in Appendix.

**108%** Collections vs Static Pool

**56%** LTM Cash EBITDA Margin

**£219m** Capital Deployed YTD

## A Quarter of Delivery...

- ◇ Continued collection **resilience** across all regions
- ◇ Margin accretion guidance to be delivered by FY21, supported by ongoing **efficiency** improvements
- ◇ **Delivery** of sustainable growth through rationale deployment of capital in excess of replacement rate

## ... Whilst Building a Roadmap for a Sustainable Future

- ◇ Taking a science-led approach to reducing our future climate impact:
  - ◇ Establishing our Groupwide baselines for Scope 1 and 2 GHG emissions
  - ◇ Publishing a near-term reduction target in 2022
  - ◇ Ambition to achieve Net Zero
- ◇ Clear actions underway today:
  - ◇ Committing to 100% green electricity for our entire business by 2025
  - ◇ Relocating our UK operations in 2023 to a recognised greener building
  - ◇ Sending zero waste to landfill in the UK and aligning waste reduction targets across the Group

**100%**

Green electricity use across the business by 2025

**Mar-22**

Release of inaugural Sustainability Report

**+300** bps

Margin improvement expected by FY21

**>£350** m

FY21 purchasing guidance

**4.0 – 3.5x**

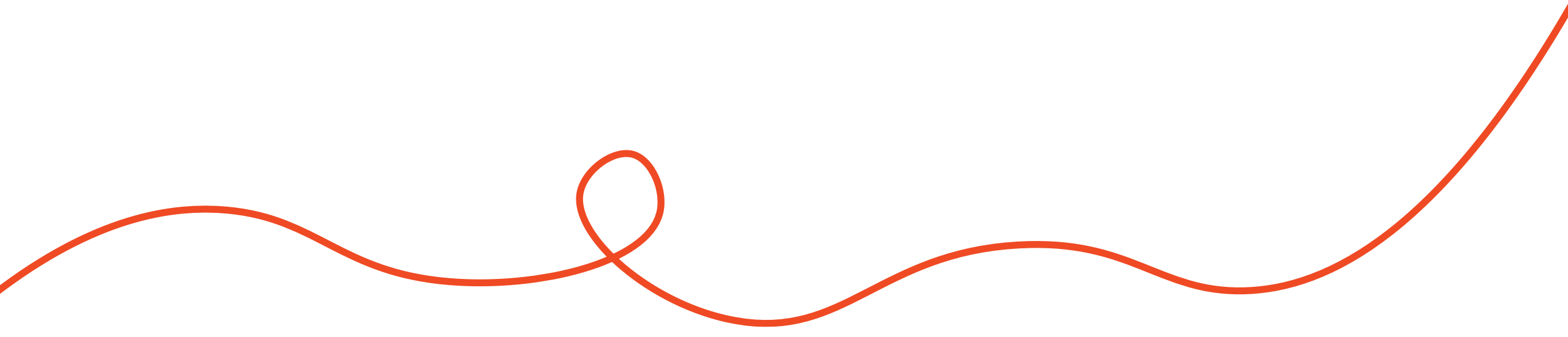
Net Leverage guidance

## We are Excited About the Future

- ◇ Q4 trading strongly and in line with expectations
- ◇ Release of first Sustainability Report due in Mar-22
- ◇ Platforms positioned strongly for future profitable growth
- ◇ Market remains competitive but with visibility of an increasing pipeline
- ◇ Strong balance sheet and leading position of liquidity to capture future opportunities



# Appendix



# ERC Profile

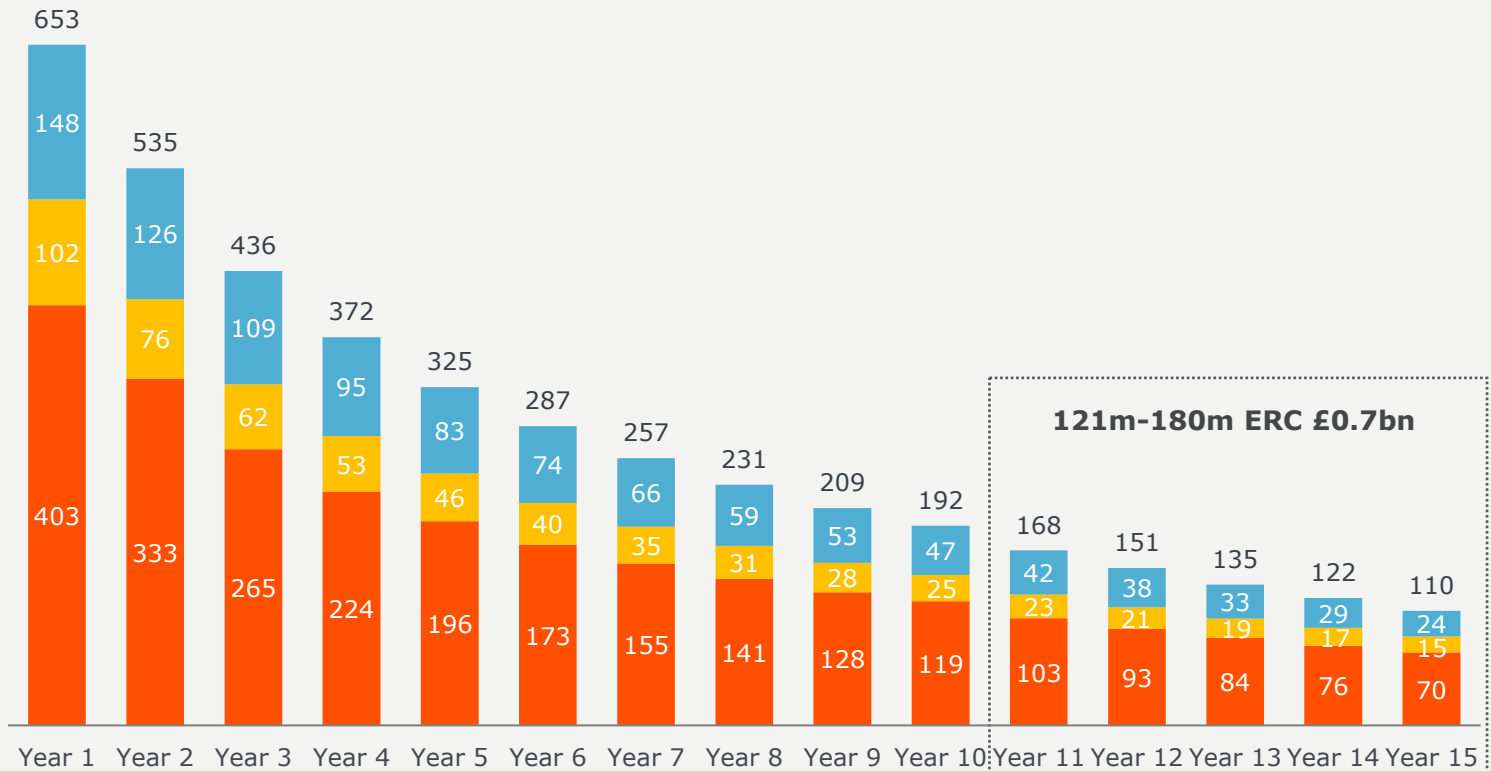
Diversified backbook formed of 19 vintages, ~4,500 portfolios and across a range of originating sectors

£3.5bn 120m ERC

£4.2bn 180m ERC

■ UK ■ DACH ■ Nordics

(£m)



**121m-180m ERC £0.7bn**

# Historic Collection Performance

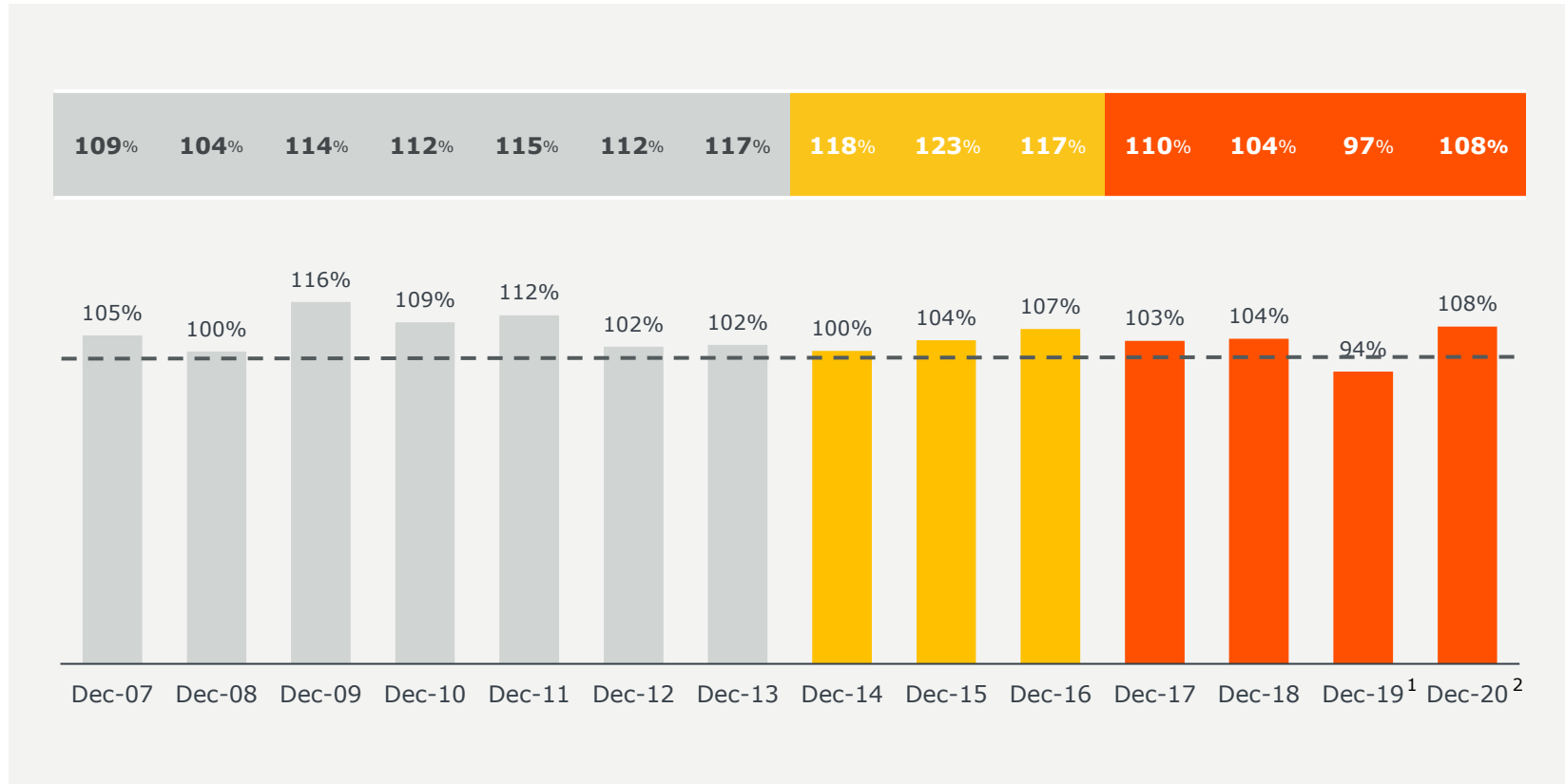
Cumulative collection performance to Sep-21 vs static pool

Next 12 months actual collections vs static pool

**108%**

Cumulative Collection Performance vs Dec-20 Static Pool<sup>2</sup>

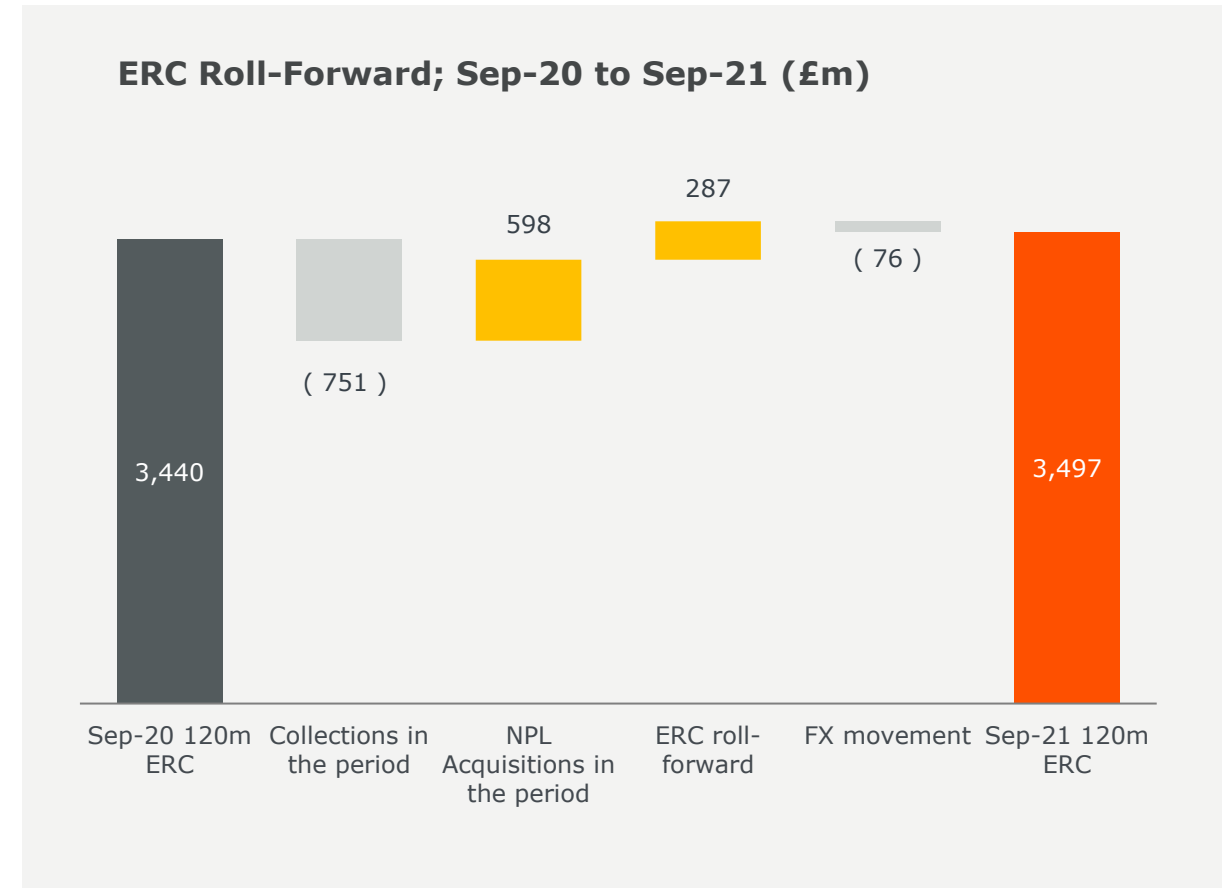
■ UK ■ UK and DACH ■ UK, DACH and Nordics - - Forecast



Note: Collection Performance metrics exclude asset sales where applicable. <sup>1</sup> Group collection performance below 100% as a result of actions taken in UK to pause litigation and limit outbound dialling across Q2-20. <sup>2</sup> Actual collection performance for the 9 months to Sep-21 vs Dec-20 static pool.

# 120m ERC Roll-Forward

- ◇ 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





# Reconciliations to the Financial Statements

## Reported Income to Cash Income (£m)

Q3-21	DP	3PC	Group Total
Income from Portfolio Investments	99	-	99
<i>Add Portfolio Amortisation</i>	86	-	86
<b>DP Cash Income</b>	<b>185</b>	<b>-</b>	<b>185</b>
Service Revenue	-	45	45
<i>Less Lawyer Service Income</i>	-	(7)	(7)
<b>3PC Cash Income</b>	<b>-</b>	<b>38</b>	<b>38</b>
<b>A Total Cash Income</b>	<b>185</b>	<b>38</b>	<b>223</b>

## Reported Costs to Normalised Costs (£m)

Q3-21	DP	3PC	Group Total
Collection Activity Costs	-	-	66
<i>Less Lawyer Service Costs</i>	-	-	(7)
<i>Less Non recurring costs</i>	-	-	(2)
<b>B Normalised Collection Activity Costs</b>	<b>35</b>	<b>22</b>	<b>57</b>

## Gross Profit Calculation (£m)

Q3-21	DP	3PC	Group Total
<b>A</b> Cash Income	185	38	223
<b>B</b> Collection Activity Costs	(35)	(22)	(57)
<b>C</b> <b>Gross Profit</b>	<b>150</b>	<b>16</b>	<b>166</b>
<b>C/A</b> <b>Gross Profit Margin</b>	<b>81%</b>	<b>42%</b>	<b>75%</b>

## Other Expenses (£m)

Q3-21	Group Total
Other Expenses	65
<i>Less Depreciation, Amortisation &amp; Impairment</i>	(13)
<i>Less Non recurring costs</i>	(19)
<b>Normalised Other Expenses</b>	<b>33</b>

# Pro Forma Cash EBITDA Reconciliation

Cash EBITDA (£m)	LTM Sep-21	LTM Sep-20
UK	296	285
DACH	79	~91
Nordics	138	~129
Strategic Asset Sale <sup>1</sup> – DACH	-	~8
Strategic Asset Sale <sup>2</sup> - Nordics	-	~10
Group Costs	(8)	(2)
<b>Group Cash EBITDA</b>	<b>504</b>	<b>521</b>
Pro Forma Cost Adjustments <sup>3</sup>	5	6
<b>Pro Forma Cash EBITDA</b>	<b>509</b>	<b>527</b>

Note: As reported, the LTM Sep-20 reported period benefitted from strategic assets sales (totalling ~£18m) and from a period of reduced collection activity in the UK (and associated costs), as a result customer centric actions taken in response to Covid-19.

<sup>1</sup> Completed in Q4-19. <sup>2</sup> Completed in Q3-20. <sup>3</sup> Pro Forma cost adjustments represent adjustments made to reflect the full run rate benefits of changes enacted.

# Operating Expenses Reconciliation

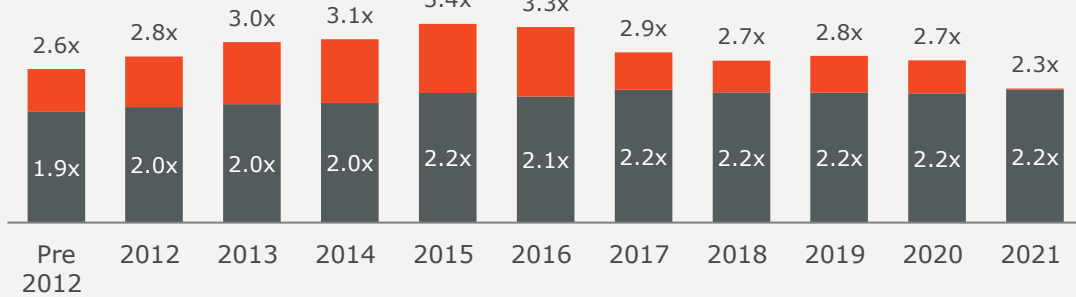
## Underlying Operating Expenses

£m	FY19	FY20	LTM Q3-21
Operating Expenses as reported	596	530	539
Adjusted for:			
◇ Non-recurring costs / exceptional items, net of exceptional income	(43)	(39)	(49)
◇ Depreciation and amortisation	(42)	(49)	(52)
◇ Lawyer Service Costs	(51)	(37)	(31)
<b>Underlying Operating Expenses</b>	<b>460</b>	<b>405</b>	<b>407</b>
		<b>-£53m</b>	

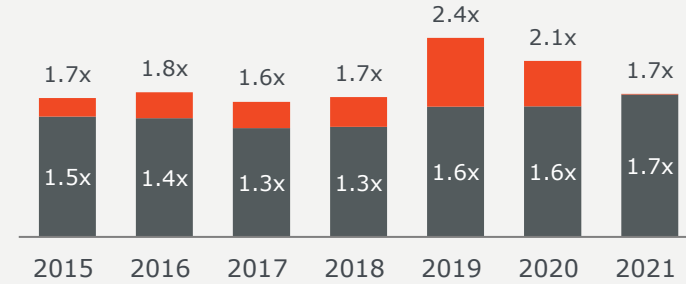
# 120m GMMs Per Vintage

Regional GMMs presented on a 120m basis to align disclosure across the Group

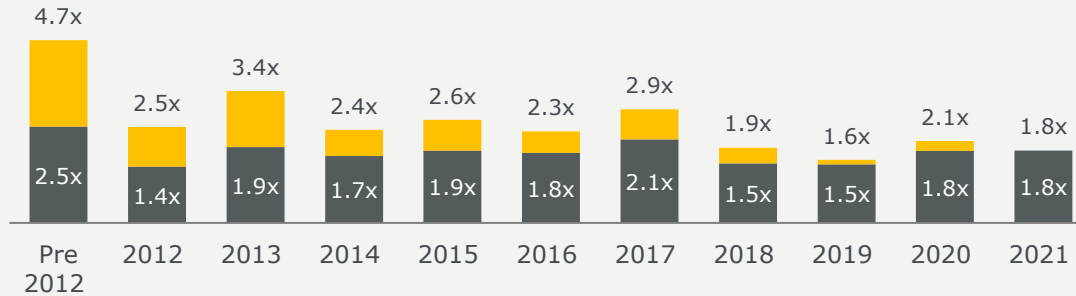
## UK Non-Paying<sup>1</sup>



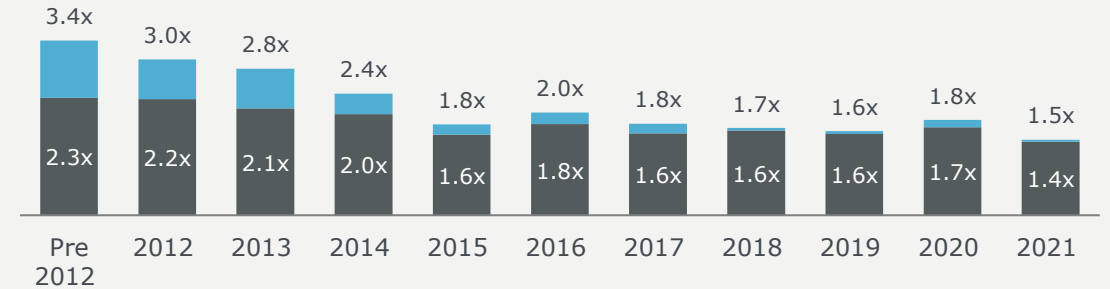
## UK Paying<sup>1</sup>



## DACH



## Nordics



Note: Current GMM is calculated using actual collections to Sep-21 plus ERC across the next 120m for all regions. Priced GMM is calculated using the priced collection expectation over the initial 120m for all regions.  
<sup>1</sup> 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 GMMs pre-2015 reflect total UK GMMs (Paying and Non-Paying, where applicable).

# Calculation of Group 120m ERC Replacement Rate

£m	Sep-21
120m ERC	3,497
Year 1 Collections	653
Roll-forward (Year 11 Collections)	168
Collections to replace	486
2020 vintage Static GMM	2.1x
2021 vintage Static GMM	1.8x
Blended Static GMM <sup>1</sup>	2.0x
Replacement Rate as calculated at Sep-21	249
Replacement Rate as calculated at Sep-20	249
<b>Average LTM Replacement Rate<sup>2</sup></b>	<b>249</b>

## GMM Weighted Average Calculation (£m)

2020 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	173	43	65	281
% of total purchases	62%	15%	23%	100%
Actual Static 120m GMM	2.2x	2.0x	1.8x	
<b>Weighted Average</b>				<b>2.1x</b>
2021 Vintage	UK	DACH	Nordics	Total
Purchases (£m)	103	26	90	219
% of total purchases	47%	12%	41%	100%
Actual Static 120m GMM	2.2x	1.8x	1.4x	
<b>Weighted Average</b>				<b>1.8x</b>
<b>Blended Static GMM</b>				<b>2.0x</b>

<sup>1</sup> Blended GMM represents the average static 120m GMM for 2020 and 2021 vintages, across the UK, DACH and Nordics as at Sep-21.

<sup>2</sup> Average Replacement Rate is an average of the Replacement Rate as calculated at Sep-21 and the Replacement Rate as calculated at Sep-20.

# Leverage and Liquidity

**£614m** Available Liquidity<sup>1</sup>

£m	Sep-21
RCF Capacity	391
Amounts Drawn	(66)
Securitisation Availability <sup>2</sup>	225
Cash	64
<b>Available Liquidity</b>	<b>614</b>

£m	Sep-21
Net Debt	1,848
Pro Forma LTM Cash EBITDA	509
<b>Net Debt / LTM Cash EBITDA</b>	<b>3.6x</b>
Senior Secured Net Debt / LTM Cash EBITDA	3.3x

**3.6x** Net Leverage<sup>3</sup>

<sup>1</sup> Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and ABS Facility 1 and Facility 2 as at Sep-21.

<sup>2</sup> Amounts available across both ABS Facility 1 and Facility 2 as at Sep-21.

<sup>3</sup> Calculated as Net Debt to LTM Pro Forma Cash EBITDA.

# Net Debt and Borrowings as at 30 September 2021

## Net Debt

Bond Principal	£m
£440m Senior Secured Notes 7.75%	440
€795m Senior Secured Notes 6.75%	684
€630m Senior Secured Notes EURIBOR +6.25%	542
RCF Drawings and Other	
GBP Drawn RCF	22
EUR Drawn RCF	44
ABL – Facility 1	175
ABL – Facility 2	-
DACH Securitisation	5
Cash	
Cash	64
<b>Senior Secured Net Debt</b>	<b>1,668</b>
<b>Net Debt</b>	<b>1,848</b>
<b>Gross Debt</b>	<b>1,911</b>

## Bonds

Currency	Issue	Security	Maturity	Coupon
GBP m	440	Senior secured notes	Nov-25	7.75%
EUR m	795	Senior secured notes	Nov-25	6.75%
EUR m	630	Senior secured notes	May-26	EURIBOR +6.25%

## Revolving Credit Facility (RCF) and Securitisation Facilities

Currency	Committed Amount	Security	Maturity	Interest	Margin
EUR m	455	Super Senior Secured RCF	Aug-25	LIBOR / EURIBOR	3.00%
GBP m	175	Asset Backed Loan – Facility 1	Jul-25	SONIA	3.28%
GBP m	225	Asset Backed Loan – Facility 2	Jan-27	SONIA	3.50%

# Glossary

<b>3PC</b>	-	Third Party Collection	<b>IFRS</b>	-	International Financial Reporting Standards
<b>Acquisitions</b>	-	The purchases of NPLs	<b>LIBOR</b>	-	London Interbank Offer Rate
<b>Cash EBITDA</b>	-	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	<b>Net Debt</b>	-	Senior Secured Notes bond principal plus Senior Notes bond principal plus RCF drawn amounts plus securitisation drawn amounts less cash
<b>Cash Income</b>	-	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	<b>Nordics</b>	-	For the purpose of the presentation include Sweden, Denmark, Norway and Finland
<b>DACH</b>	-	Germany, Austria and Switzerland	<b>NPL</b>	-	Non Performing Loans
<b>DP</b>	-	Debt Purchase	<b>RCF</b>	-	Revolving Credit Facility
<b>EBITDA</b>	-	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)	<b>Replacement Rate</b>	-	The estimated amount of purchases to maintain current Group ERC
<b>ERC</b>	-	Estimated Remaining Collections over 84, 120 or 180 months	<b>SASB</b>	-	Sustainability Accounting Standards Board
<b>EURIBOR</b>	-	Euro Interbank Offer Rate	<b>SONIA</b>	-	Sterling overnight index average
<b>GMM</b>	-	'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	<b>Static GMM</b>	-	'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
<b>Gross Profit</b>	-	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)	<b>UN SDGs</b>	-	Sustainability Development Goals adopted by the United Nations



# Upcoming Events

◇ **FY21 Results** – Mar-22

◇ Goldman Sachs – NPL Conference, 7 December 2021

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