Lowell

Press Release
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Lowell reports full year 2023 results

Continued Financial Delivery and Collections Resilience

Lowell, a European leader in credit management services, today announces its results for the twelve months ended 31 December 2023.

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

"These results demonstrate another year of delivery against key operational and financial objectives. The strength in our operations has again allowed us to report collections ahead of balance sheet expectation which has been further supported by executing on key Balance Sheet Velocity initiatives across the year which provide meaningful diversification of liquidity and acceleration of ERC.

We were able to deploy capital at strong return levels across 2023 which is continuing into 2024, helping to drive continued sustainable growth across our key markets."

Key Highlights

- Group collection performance at 101% of Dec-22 Static Pool expectations
- FY23 purchases of £319m at 20.4% net IRR
- Third off-balance sheet ABS completed involving UK assets with expected Cash EBTIDA benefit of ~£135m
- Strong liquidity position of ~£270m
- Release of third Annual Sustainability Report and scorecard with improving metrics and EcoVadis rating upgraded to Silver

Key Financial Highlights

As at 31 December 2023	Q4-23	Q4-22	*Change*	FY23	FY22	*Change*
Cash Income	£363m	£231m	*+57%*	£1,233m	£971m	*+27%*
Cash EBITDA	£250m	£132m	*+106%*	£774m	£569m	*+36%*
Portfolio Acquisitions	£80m	£80m	*+0%*	£319m	£473m[1]	*(33)%*

Outlook

The business has continued to deliver across operational financial objectives, deploying sustainable levels of capital at attractive return levels. Balance Sheet Velocity initiatives have proven repeatable and have been key in helping to recycle capital quicker and crystalise ERC earlier in the collections lifecycle.

Liquidity has been built across Q4 and into 2024, providing the business with meaningful optionality as it considers its refinancing obligations across 2024

Group Financial Performance

Impressive Collections Performance

Collections continued to perform strongly into the end of the year, finishing at 101% of Dec-22 static pool forecast expectations. Performance on 2023 portfolio acquisitions was also positive with performance at >100% of pricing expectation.

Such encouraging performance is supported by the underlying resilience of the Group's collection platforms, our ongoing ability to harness data advantage and our ability to work with consumers to set up sustainable plans which help them address their personal debt.

Capital Deployed at Attractive Returns

FY23 portfolio acquisitions totalled £319m at a priced net IRR of 20.4%, with deployment at levels in line with the ERC Replacement Rate and returns as guided.

Opportunities across markets remain strong and the Group expects to deploy at similar levels across FY24 at attractive returns, representing a healthy spread vs our weighted average cost of debt

Balance Sheet Velocity

The Wolf III securitisation closed prior to the year end. The transaction was secured by a portfolio of UK assets, the majority of which were assets acquired as part of the Hoist UK acquisition in 2022. These assets held a 120m ERC of ~£225m. The Senior Notes were sized at £119m, with Lowell retaining a £14m interest. The Junior Notes were sized at £127m, pricing at 19% of the notional. Lowell retained 5% of the Junior Note for Risk Retention purposes.

This was the third successful transaction under the Off-balance sheet Securitisation Programme and the first to be a public placement on a Listed Stock Exchange. The expected impact to Cash EBITDA in Q4-23 is ~£135m. This transaction was originally anticipated for 2024 but was brought forward to Q4-23 to give liquidity certainty as the Group considers its refinancing strategy across 2024.

The Group also concluded the sale of a small pool of portfolios in Germany to a specialist European credit investor. Net proceeds from the transaction totalled ~€50m, reflecting a value in-line with the Group's book value of those assets. The transaction closed in Jan-24 and Lowell continues to service the assets on profitable terms.

Guidance

The Group expects purchasing levels to remain at a similar level, reflecting some growth over Replacement Rate across the next few years at attractive IRR levels in the UK and Nordics.

The Balance Sheet Velocity programme has proven repeatable and will continue at £100m - £150m per annum. Alongside this, the Group will benefit from servicing growth and continued cost control.

The Group has a strong liquidity position and is committed to refinancing the Balance Sheet across 2024

Conference Call and Webcast

Call and webcast live at 08:30am Tuesday 30 April 2024

Registration details

- Webcast (listen only with digital question submission)
  - Lowell Group FY23 Results (financialhearings.com)
- Teleconference Lines (with interactive Q&A)
  - Call Registration and Access (financialhearings.com)

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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.

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

Legal Disclaimer

This press release includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this press release, including, without limitation, those regarding the Group's or any of its affiliate's future financial position and results of operations, their strategy, plans, objectives, goals and targets, future developments in the markets in which they participate or are seeking to participate or anticipated regulatory changes in the markets in which they operate or intend to operate. In some cases, these forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should," or "will" or the negative of such terms or other comparable terminology.

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.