



# Lowell

## Deutsche Bank 21<sup>st</sup> Annual European Leveraged Finance Conference

June 14<sup>th</sup>, 2017

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# Presenters

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**Matthias Gerhardt**

Director of Corporate  
Development



**Jon Trott**

Head of Investor  
Relations

- 1 | Lowell – An Introduction
- 2 | A Balanced & Diversified Growth Platform
- 3 | Outlook

# 1. Lowell – An Introduction

# This Is Lowell

## Company Overview

- **Supported by leading global investors** Permira and Ontario Teachers' Pension Plan
- A **European leader** in credit receivables management with **leadership positions** in the UK, Germany and Austria
- Business of **significant scale**, generating Cash Income of £523m and Cash EBITDA of £273m (LTM to Mar-17)
- **High visibility** into future cash flow generation with 120m ERC of £1.8bn and significant purchase visibility through **forward flow contracts** of £300m over the next five years
- Sophisticated **data insights and analytics with greater than 26m owned accounts**, providing a competitive differentiator enhancing pricing accuracy and collections efficiency

## Geographic Footprint

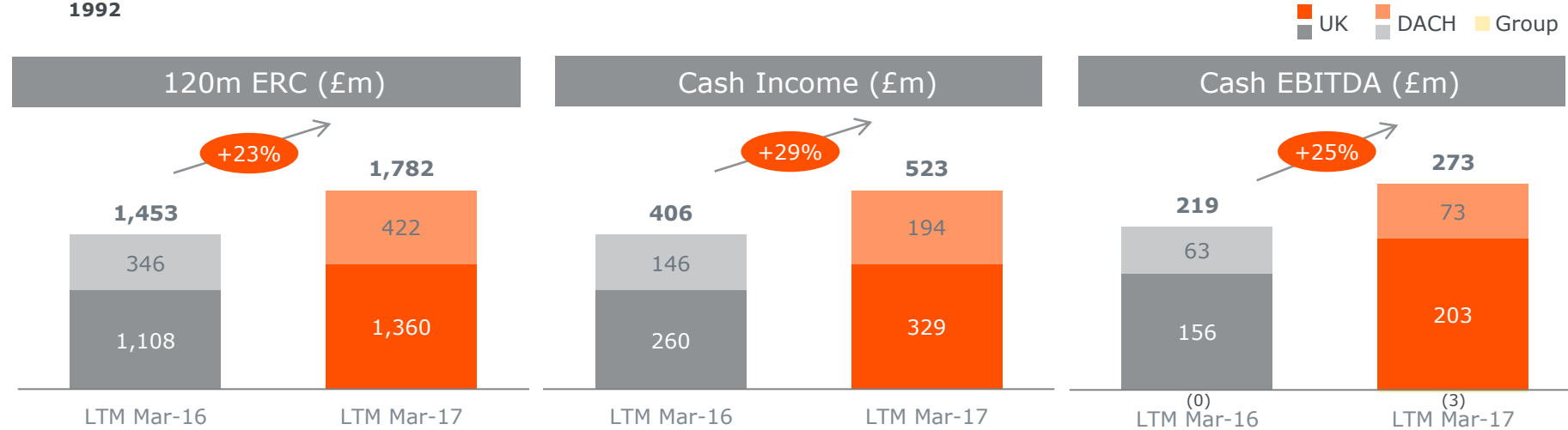
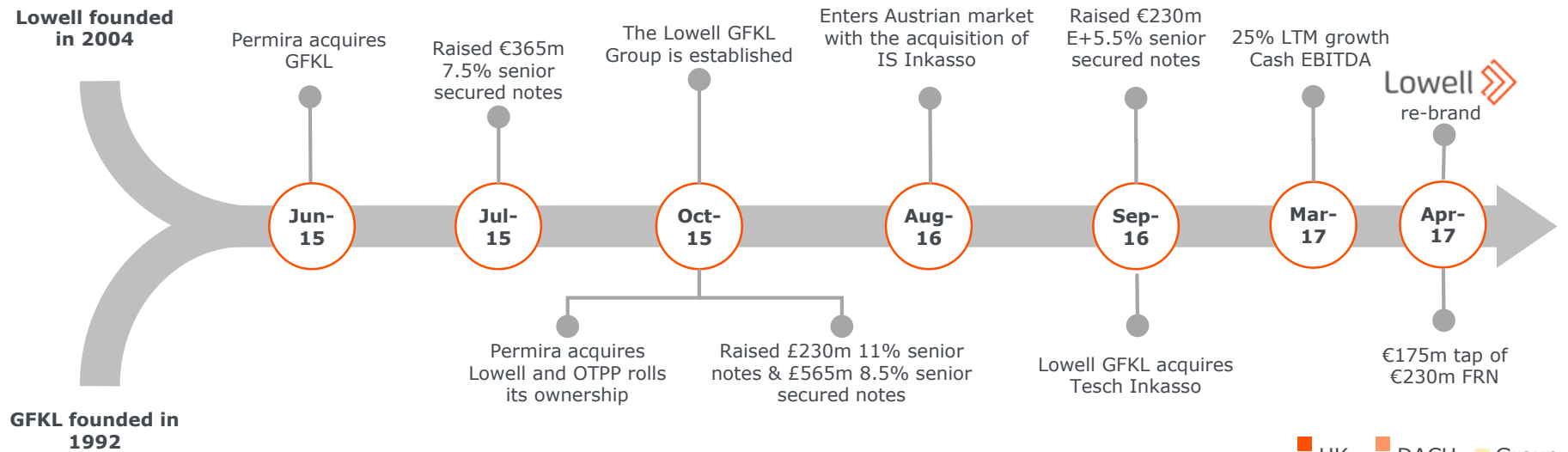


## Key Metrics (LTM Mar-17)

▪ Cash Income:	£ 523m
▪ Cash EBITDA:	£ 273m
▪ Purchases:	£ 272m
▪ 120m ERC:	£ 1.8bn
▪ # of owned accounts:	26.7m

# Our Recent Timeline

## Key Events As A Group



## 2. A Balanced & Diversified Growth Platform

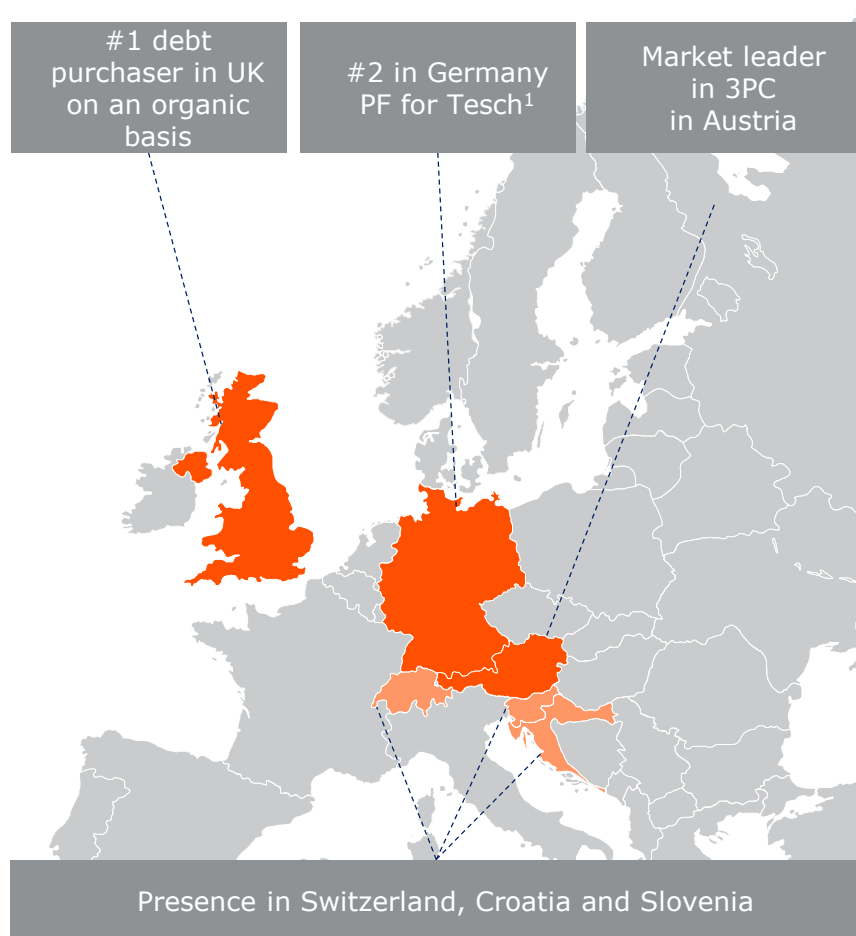
# A Balanced & Diversified Growth Platform

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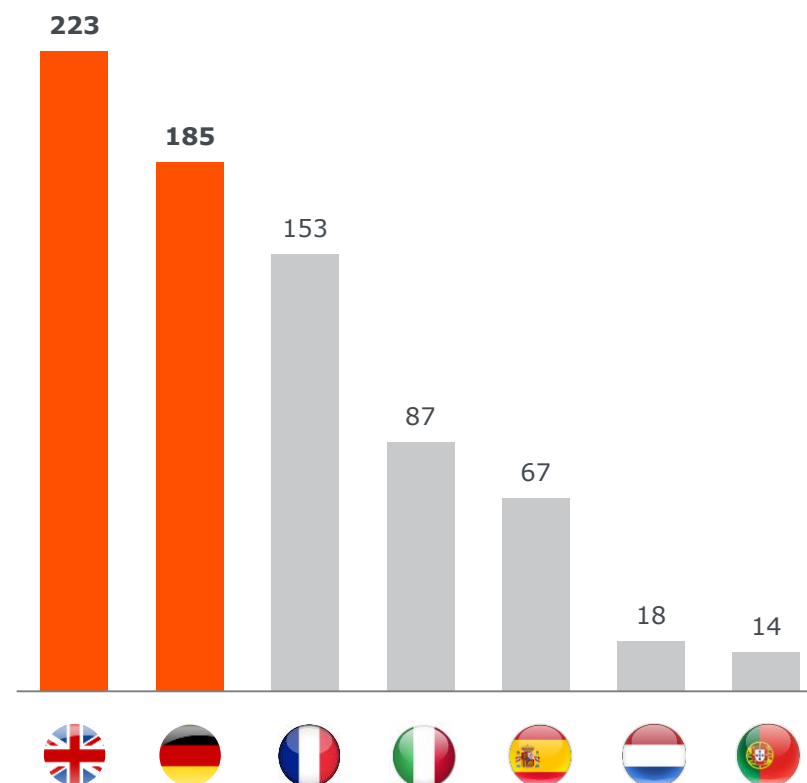
- 1 Leading presence in our core markets with attractive fundamentals
- 2 Balanced, diversified business model
- 3 Sophisticated data insights and analytics
- 4 Consumer centric collections approach
- 5 Accurate and disciplined forecasting
- 6 High visibility into future cash flow generation

# 1 Leading Presence In Our Core Markets

## UK And Germany Are The Largest Markets In Europe



Consumer Credit Outstanding (Jan-17, €bn)<sup>2</sup>



<sup>1</sup> Revenue based on latest public filings and management estimates.

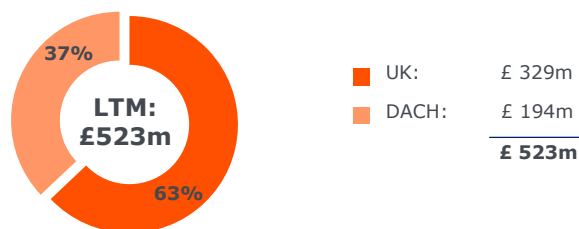
<sup>2</sup> Based on data from ECB and BoE.

# 2 Balanced, Diversified Business Model

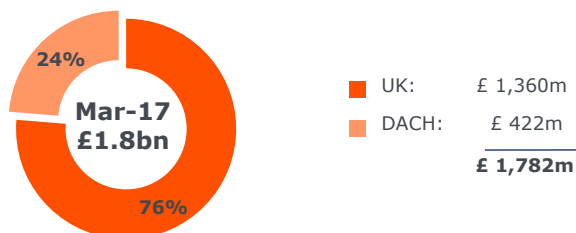
## Diversification Across the Spectrum

### Across Geographies & Sectors

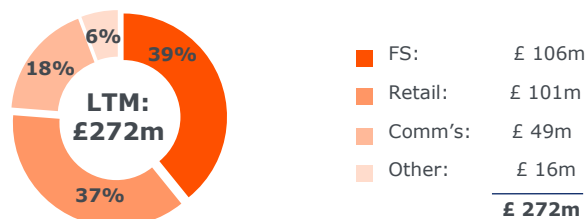
#### Cash Income By Region (LTM Sep-16)



#### 120m ERC By Region (Sep-16)



#### NPL Acquisitions By Sector (Q3-16)



### Across Clients

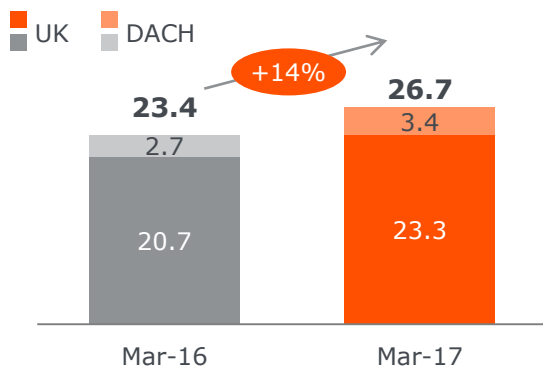
	UK	Germany	Austria
<b>Fin. Services</b>			
<b>Home Retail</b>			
<b>Utilities</b>			
<b>Insurance</b>			
<b>Telecom</b>			

# 3 Sophisticated Data Insights & Analytics

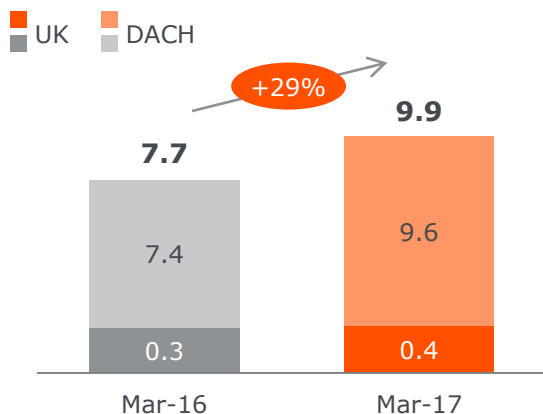
## Data Insight Evolution

### Largest & Diversified Data-Set

#### NPL Accounts Purchased (m)



#### 3PC Face Value AuM (£bn)

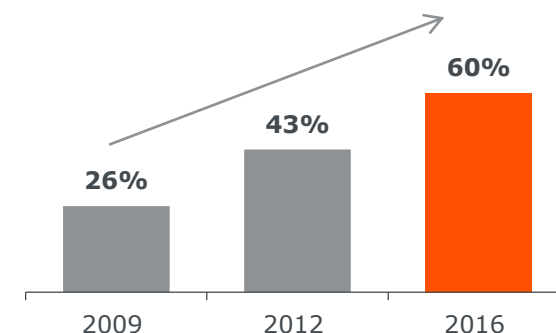


### Sophisticated Data Science Capabilities

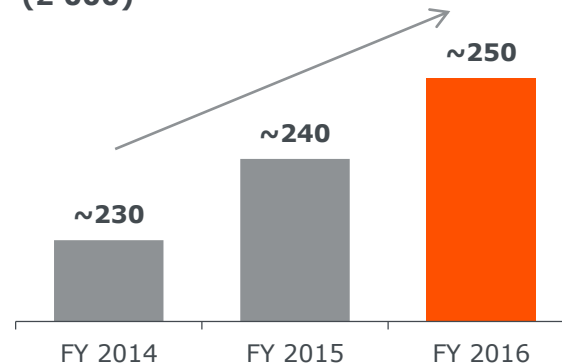
- Interdisciplinary team of 50 analysts, project managers and scientists
- Scorecards in place across the entire spectrum of the business to enhance operational performance
- Consumer-level underwriting and predictive modelling

### Meaningful Practical Benefits

#### UK Consumer Crossover %<sup>1</sup>



#### UK Debt Purchase Internal Collections per Consumer Facing FTE (£'000)<sup>2</sup>



<sup>1</sup> Defined as the percentage of consumers acquired through NPL purchases in each calendar year where Lowell holds an existing relationship with the consumer within its back-book

<sup>2</sup> UK debt purchase internal gross collections only & average UK consumer facing (operational) FTEs

# 4 Customer Centric Collections Approach

## Balancing The How & The What

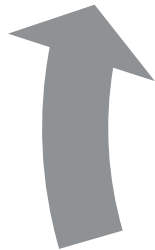
### Sophisticated consumer insight

- ✓ **23.3m** UK owned accounts (up 13% YoY)
- ✓ **3.4m** DACH owned accounts (up 27% YoY)

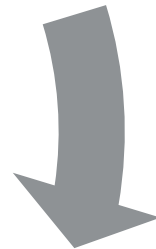


### Deeper consumer relationships

- ✓ Over **2.5m** conversations held across the LTM in the UK
- ✓ **78%** of payments received come from long term sustainable payment plans<sup>1</sup>

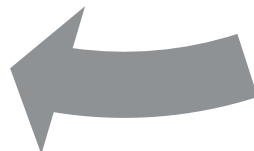


Consumer centric collections at the heart of what we do



### FAIR culture

- ✓ Net Promoter Score (NPS) increased to **+43** from +39
- ✓ Continued low level of complaints & FOS cases



### Long-term sustainable payment plans

- ✓ Default rate under **8%**<sup>1</sup>



**Investor in Customers®**  
Gold 2017

<sup>1</sup> UK only data. Average of last twelve months to Mar-17.

## 5 Accurate & Disciplined Forecasting

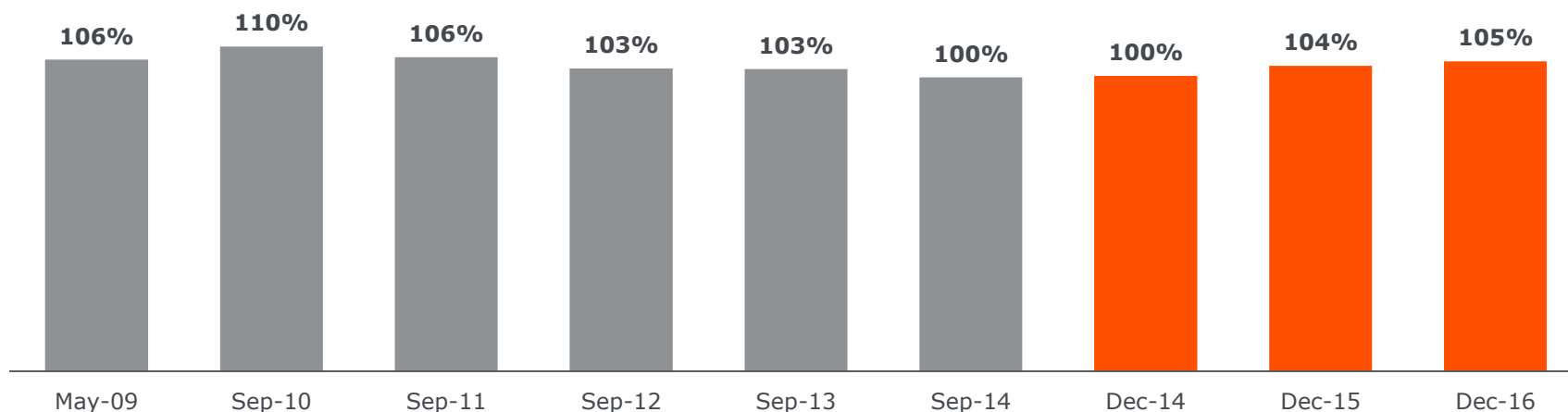
### Prudent Underwriting and Accurate Projections

- **Disciplined approach** to portfolio pricing maintaining high portfolio returns
- Pricing process comprises a **rigorous and extensive due diligence** and valuation exercise
- Clear and systematic **governance process** to approve portfolio investments
- Benefits from **scale of data** and experienced and **skilled specialist staff**

#### Accurate & Disciplined Forecasting

One year rolling actual vs. expected collections

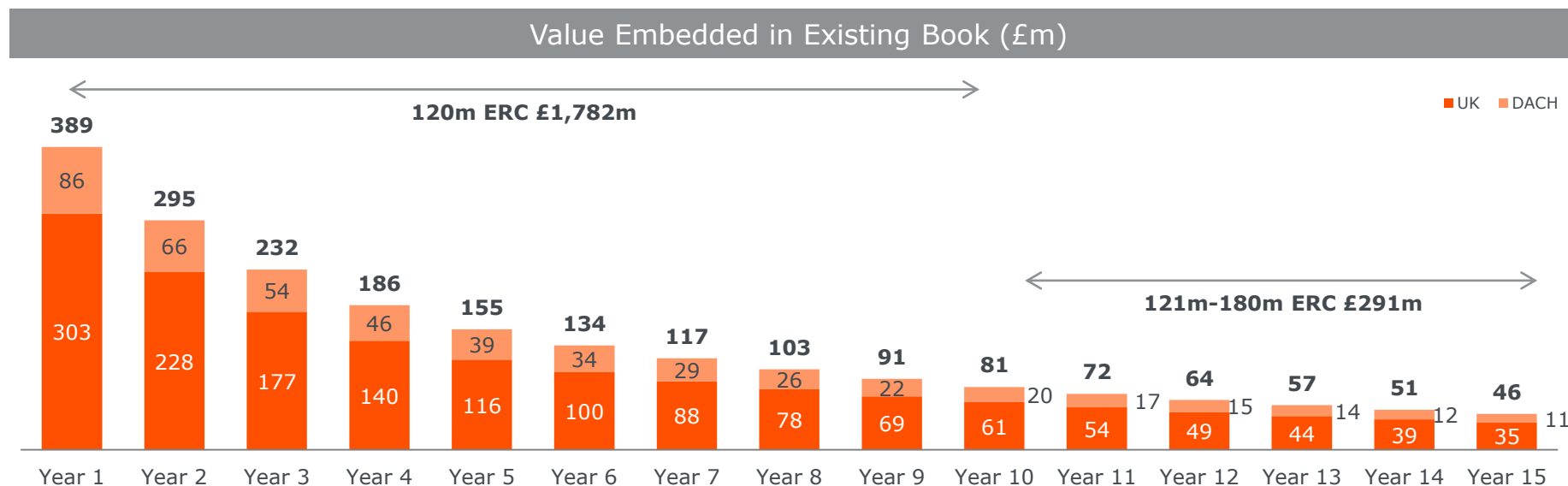
■ UK ■ UK/DACH



# 6 High Visibility Into Future Cash Flow Generation

## A More Frontloaded Collection Curve Lowers Forecasting Risk

- **Front loaded curve** supporting high degree of **cash flow visibility** – c.40% of 120m ERC expected to be realised within 24 months
- Cash flow stability underpinned by **sustainable payment plans** (78% of collections)
- **Diversified** ERC across vintages and industries



Note: ERC presented across the Group on a 120m and 180m basis to provide visibility on future expected gross collections. The respective portfolio investment closing balances as disclosed in the interim accounts are based on an 84m period for the UK and a 120m period for the DACH region

## 3. Outlook

# Our Strategy

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“To Be The Best In Our Field. For Clients. For Consumers. Europe-wide.”

## 1 **Growth:**

- › Development of sustainable competitive advantage in chosen markets to facilitate continued growth

## 2 **Diversification:**

- › Provides for downside protection
- › Meaningful contribution from capital-light 3PC servicing
- › Leverage geographic foot-print
- › Strength of origination capabilities

## 3 **Consumer focus:**

- › Consumer centric approach embeds deeper consumer and client relationships
- › Driver of long-term sustainable value creation

## 4 **Decision Science and Data insight:**

- › Sophisticated data analytics underpins our disciplined approach to pricing and investment
- › Our large and diverse data set, together with our data science capabilities allows for the delivery of meaningful practicable benefits

# Thank You