Lowell

23 May 2019

Lowell Q1 2019 Results

Strong momentum carried forward

Lowell, a European leader in credit management services, has announced positive quarterly results, for the period 1 January to 31 March 2019, showing the strong momentum carried over from 2018.

Q1 in summary

- Strong pipeline across all regions; £94 million capital deployed on portfolio acquisitions
- 3PC contribution to Cash Income at 20%
- Continue to benefit from substantial available liquidity of £361 million
- Leverage management in line with expectations at 5.1x
- Backbook continues to perform ahead of forecast

Pro Forma financial highlights: Lowell as at 31 March 2019

	LTM Q1 18	LTM Q1 19	Change
Cash Income	£818m	£892m	+9%
Cash EBITDA	£397m	£444m	+12%
Portfolio Acquisitions	£441m	£404m	(8)%
Estimated Remaining Collections (120m ERC)	£2.8bn	£3.1bn	+11%

Colin Storrar, CFO, said:

"I am pleased with the start we have made to the year. These results are the natural progression of a maturing business capitalising on its scale and the strong momentum created last year.

"We have delivered growth across our key metrics. Cash EBITDA growth has continued to outperform Cash Income growth as we benefit from an increase in margin. Our 3PC business contributed 20% to Cash Income: providing an important capital-light source of revenue. Our 120m ERC has grown 11% year-on-year to over £3.1 billion, and our collections performance in the first quarter has continued to perform above expectations – a clear demonstration of our forecasting accuracy and prudent approach to pricing.

"The balance sheet is central to our growth plans – we are committed to reducing leverage in our business, and are on track to deliver this.

"We have a healthy pipeline of opportunities across our regions, at increasingly attractive returns. We have made a positive start to 2019, having deployed £94 million in the first quarter. The outlook for our business remains very strong."

Outlook

In line with the guidance we gave in our 2018 Full Year Results (11th April 2019), we remain positive about the year ahead:

- Strong debt purchase franchise in an increasingly positive market environment
- Portfolio purchasing guidance for 2019 in the region of ~£420 million
- Margin growth through economies of scale, enhanced efficiency and innovation
- £361 million of available liquidity provides a position of real strength: further supplemented by the option to reset the securitisation facility to £255 million
- Focus on reduction in leverage to target range of 4.0x – 3.5x by 2021/2022

To join the Q1 19 results call at 10.30am BST today, please register on our investor website: www.lowell.com/investors/announcements

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Note to Editors

About Lowell

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, Sweden and Estonia.

Lowell's unparalleled combination of data analytics 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 always looks for the most appropriate, sustainable and fair 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