



# Non-Deal Investor Day

19 July 2023



# Half Year Headlines

**100%**

Collection performance vs. Dec-22 static pool<sup>1</sup>

**~£55m**

Proceeds from completion of second off-balance sheet ABS

**3.2x**

Expected Q2-23 Net Leverage

- ◆ Strong performance vs. peers and market expectations – resilient back book performance vs. balance sheet expectation along with impressive front book returns (20% net IRR)
- ◆ Completion of second off-balance sheet ABS which included Danish assets and resulted in ~£55m of accelerated collections
- ◆ Cost discipline evident with management committed to guidance provided of £25m / 300bps run-rate improvement
- ◆ Leverage of 3.2x with management committed to guidance provided of sub 3.0x

<sup>1</sup> Collection performance on assets owned as at Dec-22 for the 6 months to 30 June 2023.

# Trading Update

**£1,173<sub>m</sub>** LTM Cash Income

**103%** UK Collection Performance<sup>1</sup>

**£364<sub>m</sub>** LTM Portfolio Acquisitions

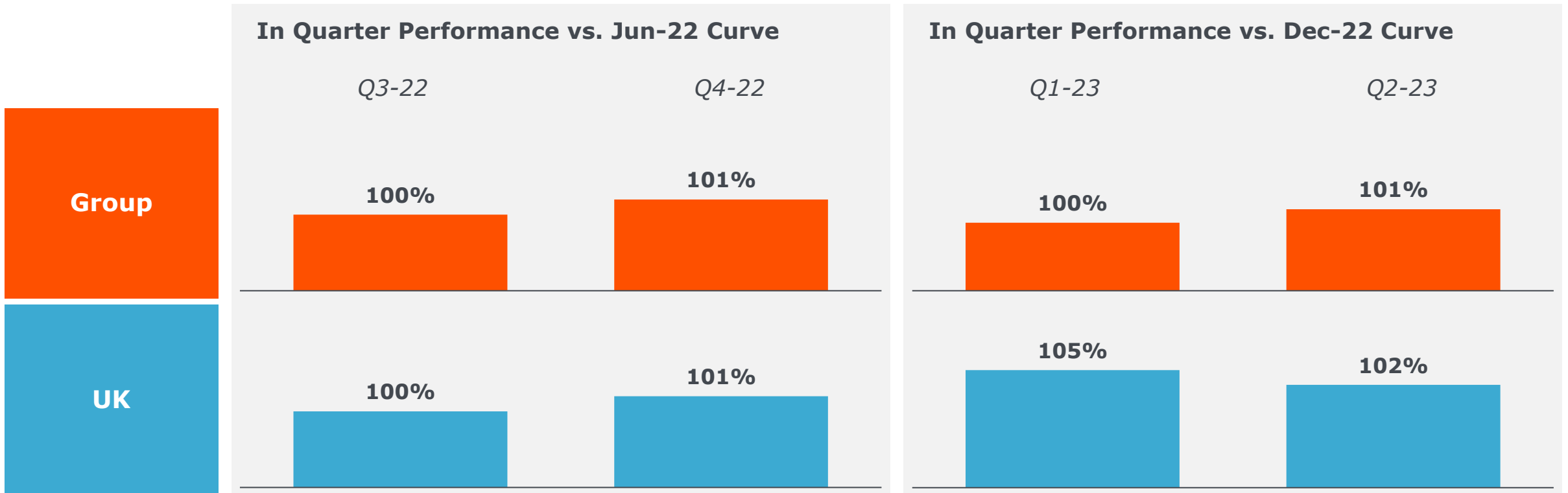
**£209<sub>m</sub>** Liquidity

- ◆ Impressive Cash Income growth supported by Balance Sheet Velocity activity and strong collections performance
- ◆ Bearish view of UK region unfounded with another quarter of resilient collections performance in the UK
- ◆ LTM purchasing levels reflective of the Group's conscious decision to more closely align spend to ERC Replacement Rate
- ◆ Natural deleverage trajectory as top line and earnings growth expected to continue

<sup>1</sup> Collection performance on assets owned as at Dec-22 for the 6 months to 30 June 2023.

# Back Book

Robust collections against Balance Sheet curve



... Collections resilience clearly apparent with management confident of future outperformance as DACH post cyber recovery continues

# Front Book Returns

>400bp Net IRR improvement in H2-22 has continued into 2023



**£300m**

◆ **Spent and committed as at 30 June 2023<sup>1</sup>**



**20%**

◆ **Blended IRR net of collection costs**



**7.6%**

◆ **WACD**



**>12pp**

◆ **Spread of returns vs cost of funding**

... Represents a Healthy Spread Over Current Funding Costs and a Vintage of Attractive and Deliverable Returns

<sup>1</sup> Includes committed spend for H2-23

# Path to Deleverage

## Reasons to Believe Future Leverage Guidance ...

- ◆ Lowell remains highly cash generative after ERC Replacement Rate
- ◆ New business is being underwritten at attractive returns and performing well
- ◆ We are committed to purchasing guidance to support downward leverage trajectory
- ◆ We are confident in ability to continue improved Balance Sheet Velocity through repeatable off-balance sheet securitisation – an integral and recurring element of future Cash EBITDA
- ◆ Lowell has a track record of impressive cost management and remains confident in ability to achieve +300bps margin guidance

Reported Net Leverage at  
Mar-23

**3.5x**

Expected Net Leverage at  
Jun-23

**3.2x**

- ◆ Both leverage calculations include proceeds from Balance Sheet Velocity activity. Such sales are part of the normal course of business and are proven to be repeatable

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