

Lowell Third Quarter Results 2021

A strong quarter of resilience and delivery

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 30 September 2021.

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

"These results demonstrate another quarter of sustainable growth underpinned by strong collection performance and significant progress towards our margin guidance which will now be delivered by FY21, ahead of target. We continue to make excellent progress towards the launch of our inaugural Sustainability Report next year."

Key Highlights

- Strong YTD collection performance at 108% vs Dec-20 static pool
- YTD Cash EBITDA up 2% YoY
- Underlying LTM margin accretion to 56% supported by ongoing delivery of cost actions in support of +300bps margin guidance
- £219m YTD portfolio acquisitions, on track to achieve purchasing guidance of >£350m
- Leverage continues at the lower end of our publicly guided range at 3.6x
- Substantial available liquidity¹ of £614 million

Key Financial Highlights

As at 30 September 2021	YTD Q3-21	YTD Q3-20	Change
Cash Income	682	672	+2%
Cash EBITDA	396	387	+2%
Underlying LTM Cash EBITDA Margin ²	56%	55%	+~100bps
Portfolio Acquisitions	219	180	+21%

Outlook

As we approach the end of the year, we are encouraged by the continued progress the business is demonstrating as a leading pan-European debt purchaser. Improving efficiency remains a key target for the Group and the progress here is evident with the anticipated delivery of our guidance ahead of target. Whilst the market remains competitive, we are well positioned for the exciting opportunities that our growing purchasing pipeline will bring across the next 18-24 months and we expect to end 2021 strongly, delivering on our FY21 purchasing guidance of >£350m and leveraging our sustainable platform for future growth.

¹ Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisation.

² Underlying Cash EBITDA Margin is adjusted for the estimated 200bps positive impact of reduced collection costs across LTM period as reported at Q3-20.

Group Financial Performance

Collection Strength Continues

Collections have continued to perform ahead of expectations across the Group with all regions performing ahead of forecast. Collection performance for the 9 months to Sep-21 vs Dec-20 static pool is 108%.

In the UK, the recovery of the deferred collections has continued ahead of our forecast expectation. This strong collection recovery supports the management judgement taken in Jun-20 that collections were delayed and not lost because of the customer centric actions taken during Q2-20 to reduce collection activities in the UK. The Group's performance vs Dec-19 Static Pool stands at 97% as at Sep-21.

For Cash Income and Cash EBTIDA the comparative period included the previously disclosed strategic asset sales and also the benefit from a period of reduced collection activity, and associated costs, in response to customer centric actions taken due to Covid-19. However, underlying performance here continues to show encouraging growth as we consistently demonstrate strong collection performance whilst beginning to increase the level of capital deployed on NPL acquisitions above FY20 levels.

NPL acquisitions have increased through 2021 in line with guidance. Increasing levels of acquisitions will support future top line growth as we move into 2022 as the Group benefits from further growth in its frontbook.

Further Progress Towards Margin Guidance

Underlying LTM Cash EBITDA margin continues to grow as we deliver in line with our guidance.

We now expect to meet the +300bps improvement by FY21, a result of strong cost control, focus and delivery across the whole Lowell team.

Cost initiatives continue to focus on accelerating digital customer engagement, automation and optimisation of common back office functions and streamlining organisational design across functions.

Increasing Levels of Market Activity and Strong Market Outlook

Purchasing activity has remained strong following our Q2-21 market update, with £56m deployed during Q3, resulting in £219m YTD purchases. We remain confident in achieving our upwardly revised purchasing guidance of at least £350m for FY21, as we have clear visibility of a strong Q4 pipeline of opportunities.

The market remains competitive, and we maintain our belief that the market will continue to show increasing levels of NPL opportunities across our platforms; both in respect of debt purchase and third-party collections.

Strong Liquidity and Leverage Comfortably Within Guidance

As at September 30, 2021 we have available liquidity of £614m and leverage continues at the lower end of our public guidance at 3.6x.

Conference Call and Webcast

Call and webcast live at 08:30am (GMT) Thursday 11 November 2021

Registration details

- Webcast (listen only with digital question submission)
- <https://tv.streamfabriken.com/lowell-group-q3-2021/register>
- Call (with interactive Q&A)
 - UK: +44 3333 0092 70
 - Further lines available [here](#)

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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.

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. The Group employs over 4,000 people, including 1,500 in the UK.

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