

## Lowell First Quarter Results 2022

### A strong start to the year

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 31 March 2022.

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

"These results demonstrate a quarter of sustainable growth and continued strength of our Cash EBITDA margin. Our strong capital deployment in the first quarter of the year provides a strong foundation for growth, alongside our continued focus on disciplined balance sheet management."

### Key Highlights

- LTM Cash EBITDA up 7% to £533m (£498m)
- +400bps LTM Margin accretion to 60% (56%) reflecting delivery of cost actions
- Collection performance in line with forecast
- £557m of LTM portfolio acquisitions (£257m) supported by Q1-22 purchases of £188m
- £118m LTM free cash generated
- Strong Q1-22 performance across all regions
- Leverage continues to be managed within guided range at 3.8x
- Substantial available liquidity<sup>1</sup> of £371m

(Note: comparable numbers for LTM Q1-21 in brackets)

### Key Financial Highlights

<b>As at 31 March 2022</b>	<b>LTM Q1-22</b>	<b>LTM Q1-21</b>	<b>Change</b>
Cash Income	£886m	£894m	-1%
Cash EBITDA	£533m	£498m	+7%
Cash EBITDA Margin	60%	56%	+400bps
Portfolio Acquisitions	£557m	£257m	+117%

### Outlook

The business continues to deliver as a leading pan-European debt purchaser, and we are excited by the level of capital we have been able to deploy in Q1 and the pipeline for the rest for 2022. We expect to invest >£400m in portfolios across FY22; investing above our replacement rate and at attractive returns whilst maintaining focus on our balance sheet discipline.

<sup>1</sup> Calculated as unrestricted cash on balance sheet plus amounts available to draw on RCF and UK Securitisations.

## **Group Financial Performance**

### ***Continued Delivery***

Collection performance in line with forecast at 98% of Dec-21 static pool. Underlying UK collection performance remains strong, with UK paying base performing at 99%<sup>2</sup> of expected collections and default rate remaining low at 4.5%. Headline collection shortfall reflecting impact of lower litigation selections across Q4-21 with collections expected to be deferred and not lost.

Record £533m LTM Cash EBTIDA delivering 7% LTM growth, reflecting strong performance across all the Group's regions.

Cash EBTIDA growth delivered against relatively flat year-on-year Cash Income. Strengthened margin performance, at 60% on an LTM basis, reflects the encouraging cost control and actions taken across prior periods.

The comparative periods benefit from very strong Q1-21 UK collection performance of 118% which reflected the recovery of delayed collections due to management actions taken in 2020 relating to COVID-19. The LTM comparative period also benefits from the strategic asset sale in the Nordics (Q3-20). Underlying Cash Income demonstrated year-on-year growth.

### ***Significant Purchasing Activity and Pipeline Visibility***

Purchases have increased 117% year-on-year to £557m on an LTM basis with £188m during the quarter. The purchasing environment is attractive, providing a broad range of opportunities across all regions. The strong pipeline of opportunities allows the Group to be selective over future purchases to optimise returns.

Following significant Q1-22 capital deployment, softer purchasing volumes are expected across the next 6 months. The Group remains focussed on its guidance of >£400m purchases in 2022.

### ***Strong Liquidity and Balance Sheet Discipline***

As at March 31, 2022 we have available liquidity of £371m and leverage at 3.8x continues to be managed within our guided range of 4.0x – 3.5x.

## **Conference Call and Webcast**

Call and webcast live at 08:30am (BST) Friday 27 May 2022

Registration details

- Webcast (listen only with digital question submission)
- <https://tv.streamfabriken.com/lowell-group-q1-2022/register>
- Call (with interactive Q&A)
  - UK: +44 3333 0092 60
  - Further lines available [here](#)

<sup>2</sup> Collections as a % from the paying base, defined as those with plans at Jun-21 and their expected payments across the 9m to Mar-22.

## Contacts

### Investor Relations enquiries:

Dan Hartley  
Group Director of Tax, Treasury and Investor Relations  
Email: [investors@lowellgroup.co.uk](mailto:investors@lowellgroup.co.uk)

### Media enquiries:

James Olley / Woolf Thomson Jones  
Communications Support UK  
Telephone: +44 7974 982 302  
Email: [lowell@montfort.london](mailto:lowell@montfort.london)

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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. 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](http://www.lowell.com)