Press Release
30 April 2025

Lowell reports full year 2024 results

Strong Financial and Operational Delivery Across the Group

Lowell, a European leader in credit management services, today announces its results for the twelve months ended 31 December 2024.

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

"The business continues to perform strongly and in line with our expectations. We are a mature business that is both delivering on our financial objectives and making significant operational steps that increase our efficiency.

"I am particularly pleased with the impact of our approach to enabling sustainable growth with the use of our Balance Sheet Velocity programme and co-invest structures, alongside the continued improvement of collection efficiency through digitisation of the Lowell consumer experience. Further, we have continued to lead the way, across the industry, with our approach to sustainability; hitting our diversity and emissions targets one year ahead of schedule, an achievement we are incredibly proud of.

"Overall, we continue to demonstrate the benefit of our sustainable, diversified business model and we are well placed to continue to take advantage of increasing CMS demand in the coming years."

Key Highlights

- Strong collections performance with assets performing at 100% vs Dec-23 static pool expectation
- Cash EBITDA at £602m reflecting strength in DP business alongside growing servicing revenues
- Balance Sheet Velocity (BSV) execution with £157m Cash Income generated
- FY24 reported purchases increased to £390m, which included the acceleration of some 2025 purchasing and £60m relating to the consolidation of a new co-invest structure
- Priced returns continue to be strong, with the FY24 vintage priced at >23% net IRR
- Strong liquidity position at £202m
- Underlying margin maintained YoY despite significant increase in proportion of lower margin service revenue
- Surpassing operational emissions reduction (now 78% down vs 2019) and senior diversity (now at 42% female representation) targets one year ahead of schedule

Key Financial Highlights

As at 31 December 2024	FY23	FY24	*Change*	*Change %*
Cash Income	£1,233m	£1,034m	*(£199m)*	*(16.1%)*
Cash EBITDA	£774m	£602m	*(£172m)*	*(22.2%)*
Portfolio Acquisitions	£319m	£390m	*£71m*	*22.3%*
Underlying Cash EBITDA margin[1]	51%	51%	-	-

[1] when adjusting for BSV proceeds

Group Financial Performance

Balance Sheet Velocity programme normalises and continues to deliver

Our Balance Sheet Velocity programme continues to deliver with £157m of Cash Income in FY24 through the asset sales in the DACH region, as part of its pivot to a service-led offering.

The programme is proving sustainable and will continue as guided, allowing for the acceleration of collections and recycling of capital into new opportunities.

Collections performance continues resilience with significant improvement in latest vintage

Group collections performance over FY24 continued to show resilience at 100% of Dec-23 static pool, evidencing the continued strength of Lowell's forecasting accuracy. That performance was consistent across regions. Further, FY24 acquisitions are already outperforming priced expectation, with collections performance at 105%.

The resilience across regions and improved performance in the latest acquisitions are supported by continued development of our underlying collections platforms, our sustainable approach to consumer repayments and our ongoing ability to harness data insights.

Strong purchasing at attractive returns supported by innovative co-invest structure

FY24 reported acquisitions totalled £390m and included £60m associated with the consolidation of a new co-invest structure. FY24 spend also included the acceleration of some FY25 opportunities into FY24, which will see some moderation of FY25 spend as a result.

Lowell's portfolio acquisitions were priced at >23% net IRR, evidencing increasingly attractive returns at levels in excess of ERC Replacement Rate.

These attractive returns are expected to continue, with Lowell capital deployment guided at ~£300m for FY25.

Outlook

We continue to envisage stronger supply of portfolios in the coming years, and we are confident the business is well-placed to take advantage. Portfolio purchases are expected to continue at a similar level, outpacing the Replacement Rate and growing the business, with a net IRR above 22%.

We continue to benefit from our innovative BSV programme that will continue as guided, representing between £100m and £150m per annum for the foreseeable future, allowing us to crystallise ERC earlier and recycle capital quicker.

We expect to continue our focus on operational efficiency, with further streamlining and automation, to maintain our strong margin performance.

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Conference Call and Webcast

Call and webcast live at 08:30am Wednesday 30 April 2025. Registration details can be found here.

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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.

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

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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.