Lowell Q1 2018 Results

A positive start to the year and increased funding flexibility

Lowell, a European leader in credit management services, has delivered another positive set of quarterly results for the period 1 January to 31 March 2018, continuing to deliver on the company’s strategy of sustainable growth and diversification.

Performance Highlights

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q1 18</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Income</td>
<td>£148m</td>
<td>£153m</td>
<td>+4%</td>
</tr>
<tr>
<td>Cash EBITDA</td>
<td>£78m</td>
<td>£78m</td>
<td>0%</td>
</tr>
<tr>
<td>Portfolio Acquisitions</td>
<td>£36m</td>
<td>£73m</td>
<td>+102%</td>
</tr>
<tr>
<td>Estimated Remaining Collections (ERC)</td>
<td>£1.8bn</td>
<td>£2.1bn</td>
<td>+18%</td>
</tr>
</tbody>
</table>

› Quarter-on-quarter growth delivered against a strong comparative quarter in 2017.
› Continued realisation of portfolio acquisition opportunities in line with the Group’s required returns and growth strategy (£167m in 6 months to March 2018).
› Business mix remains well-diversified across income lines, sectors and segments, with 47% of portfolio acquisitions coming from forward flow arrangements with existing clients.
› Integration of the Carve-out Business as new Nordic region well underway, and trading in line with expectations.
› On a pro forma basis, 120-month ERC stands at £2.8bn, with last 12 months Cash EBITDA of £402m.
› Extension to existing Revolving Credit Facility (RCF) supported by an expanded group of 13 banks.
› RCF increased to €455m on existing terms, this increases funding flexibility and reduces the weighted average cost of debt.

1 Figures reflect UK and DACH only (the Extant Group) unless otherwise indicated
Outlook

In line with the guidance we gave in our 2017 Full Year Results (12th April 2018), we remain positive about the year ahead:

- Good momentum from last year has continued into 2018;
- Strong acquisitions and 3PC placements pipeline in place;
- Enhanced European scale and reach gives further opportunities for future debt management and debt purchase opportunities;
- The business will deploy investment capital in order to achieve overall growth and maximise returns for the benefit of the wider Group;
- Recent record unsecured consumer lending in the UK creates sizeable opportunities for future growth; and
- Underlying business resilience as evidenced by IFRS9 preparatory work.

Colin Storrar, CFO, said:

“We have built on the momentum of the final quarter of last year and started 2018 positively. Focus has been maintained on the delivery of our core strategy while we continued to work through the integration of our new Nordic businesses, where we are already seeing positive performance. Our prudent approach has seen us make significant investment but do it selectively - taking opportunities both to grow and to review.

“That fundamental strategy of prudent investment, focused on sustainable returns, together with effective and mutually beneficial customer and client relationships continues to set us apart.

“The Group’s net debt position remains largely unchanged despite significant portfolio purchasing. This is a positive reflection of our ability to generate free cash flow for further re-investment.

“The increase in commitments for the Revolving Credit Facility to €455m demonstrates the underlying value and strength seen in Lowell, with the key terms of the facility remaining the same. The extended facility enhances the Group’s ability and flexibility to grow the business, whilst reducing the average cost of debt, in-turn providing for greater cash-flow generation.”

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

Key contacts:

Investor Relations enquiries:
Jon Trott, Head of Investor Relations
Telephone: +44 333 556 5801 Ext. 30084
Email: investors@lowellgroup.co.uk

Media enquiries:
Jason Clarke, External Communications Lead
UK
Telephone: +44 7768 260 293
Email: media@lowellgroup.co.uk

James Olley, Communications Support UK
Telephone: +44 7974 982 302
Email: jolley@montfort.london
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