

Lowell Group
Year End 2014
Investor Presentation

27th January 2015



a better way forward

Lowell.
GROUP

Introduction To Today's Speakers



James Cornell

CEO

- **17 years of relevant experience**
- Founder and CEO of Lowell since 2004
- Previous roles: Head of Risk at Caudwell Group; Commercial Director of the B2B Division at Equifax Plc



Colin Storrar

CFO

- **21 years of relevant experience**
- Joined Lowell in early 2013
- Previous roles: CFO at HSBC First Direct and Head of HSBC Contact Centres; Senior finance roles at GE Capital Bank and GE Money post 10 years with Arthur Andersen

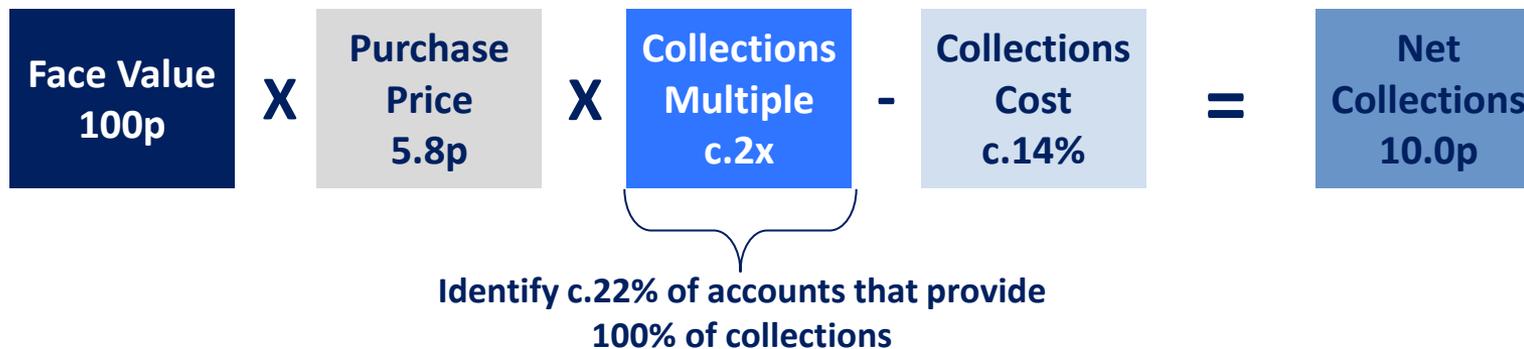
1. Overview of Period Ending Sept 2014

Affirmation of Business Model

In House Platform, With Scale, Diversification & Simple Economics



A Powerful and Highly Profitable Business Model¹



Underpinned by Efficiency, Scale and Diversification¹

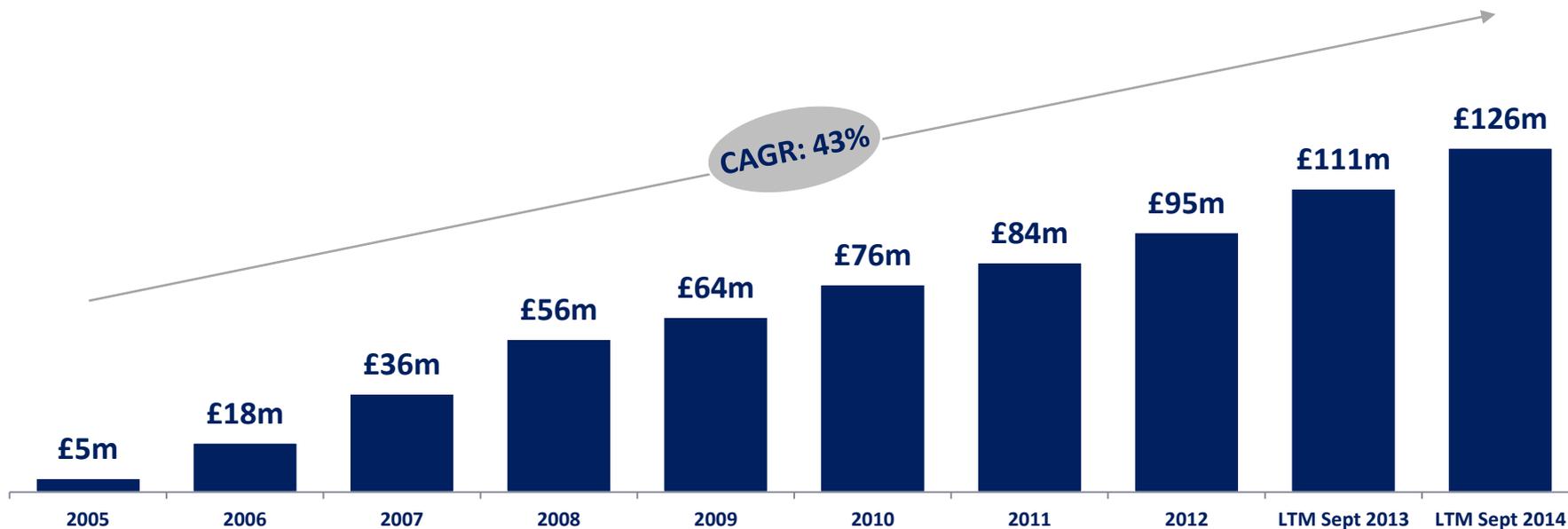
To Date	£13.1bn debt face value	877 portfolios	15.6m owned accounts	8.4m customers
In 2014	£2.1bn debt face value	162 portfolios	3.3m owned accounts	1.6m customers

1. Data up to September 2014 and for the last 12 months to September 2014

Financial Highlights

A Tenth Consecutive Year Of Earnings Growth

Adjusted EBITDA £m



Figures quoted for 2005 to 2012 are last 12 months to August. Figures quoted for 2013 & 2014 are last 12 months to September

2014 Furthers Long Track Record of Growth

Sustainable Growth Achieved Across All Our Key Indicators



Portfolio Investments +32%



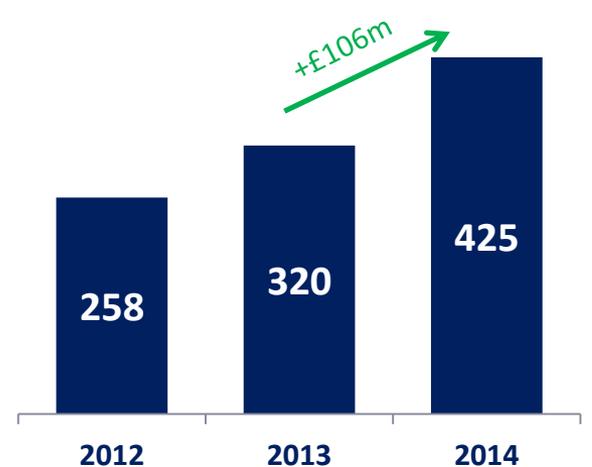
Gross 84 Month ERC +34%



Gross 120 Month ERC +35%



Net ERC +33%



Gross Cash Collections +21%

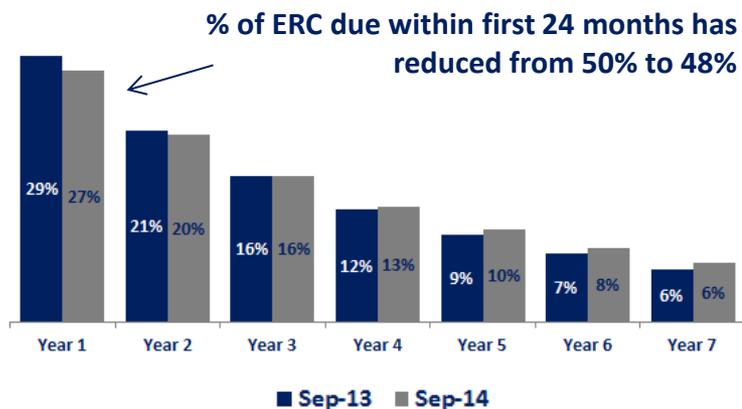


Normalised Adjusted EBITDA +14%

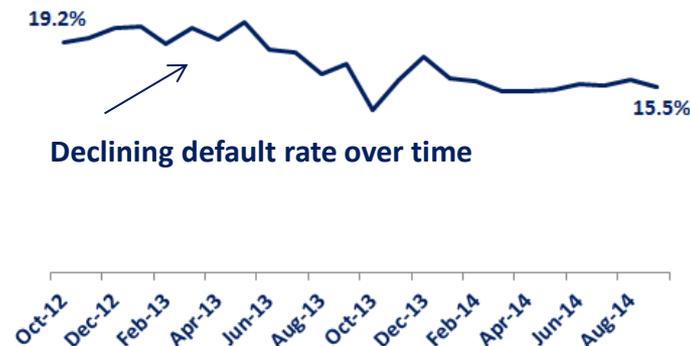


Figures quoted for 2012 are LTM to August. Figures quoted for 2013 & 2014 are LTM to September

Impact of Flattening Collection Curves

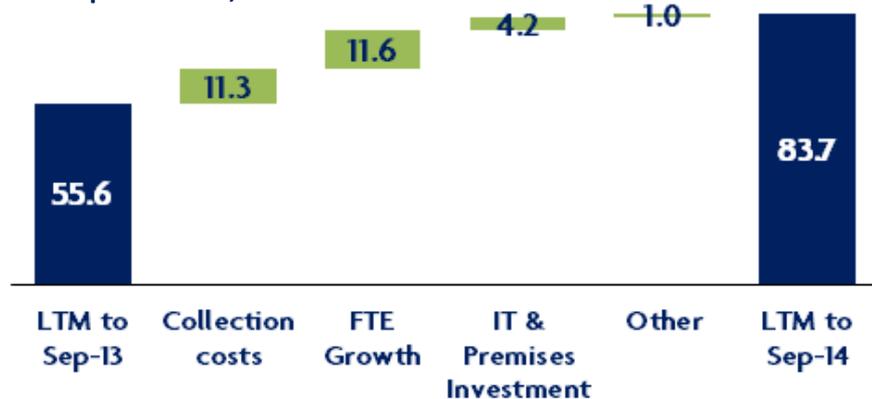


- As we setup more realistic & sustainable payment plans...
- Average setup value has declined to £18.14 (Sep-14) from £20.59 (Sep-13)¹...
- Evidenced by a significant decline in our default rate²



Conscious Investment Across Key Parts of the Business

Group Cost Base, £m



Annualised impact of FY13 conscious investment seen in FY14, alongside further future-proofing of the Group & continued portfolio investments...

- 32% YoY increase in portfolio investments
- Bolstering of the Compliance function
- Continued investment in the Client Audit process
- Relocation to Leeds Valley Park
- Move to cloud based IT infrastructure
- 5 year investment into Dual Bureau delivering long term economies of scale

1. Last 12 months average to September 2014 and September 2013 respectively

2. Based on accounts classified as paying and calculated on the monetary value of payments collected against payments that were due at the start of the month

Operational Highlights

A Year Of Delivering Success And Augmenting Our Future Legacy



Regulation	<ul style="list-style-type: none">Formal FCA application on track for delivery by 1 June 2015 – in keeping with landing slot
Customer	<ul style="list-style-type: none">Awarded an ‘exceptional’ rating by Investor In Customers following our ‘outstanding’ award in 2013Net Promoter Score increased from +25 to +38
Funding	<ul style="list-style-type: none">Attracted new equity investment from Ontario Teachers’ Pension Plan (OTPP) and raised £115m of new debt finance at a market leading rate
Investing	<ul style="list-style-type: none">Move of Group HQ to brand new offices in Leeds Valley ParkHighest industry score achieved in the Continuous Improvement Programme; Lending Standards Board thematic review awarded Lowell ‘Green’ rating
People & Processes	<ul style="list-style-type: none">Leadership team further strengthened: Mike Lynn-Jones joined as Group HR DirectorCo-sourcing of Internal Audit function with PWC



Keep our customers at the heart of everything we do



Make it easy for our customers; be approachable, helpful and clear



Understand each customer's circumstances; agree solutions and keep them up to date



Deliver on our commitments; deliver fair outcomes for our customers

2. The Year In Detail

The Year In Detail

Our Strongest Year Ever

1

Secured the backing of an AAA rated pension fund

2

Continued rigour and focus on Compliance

3

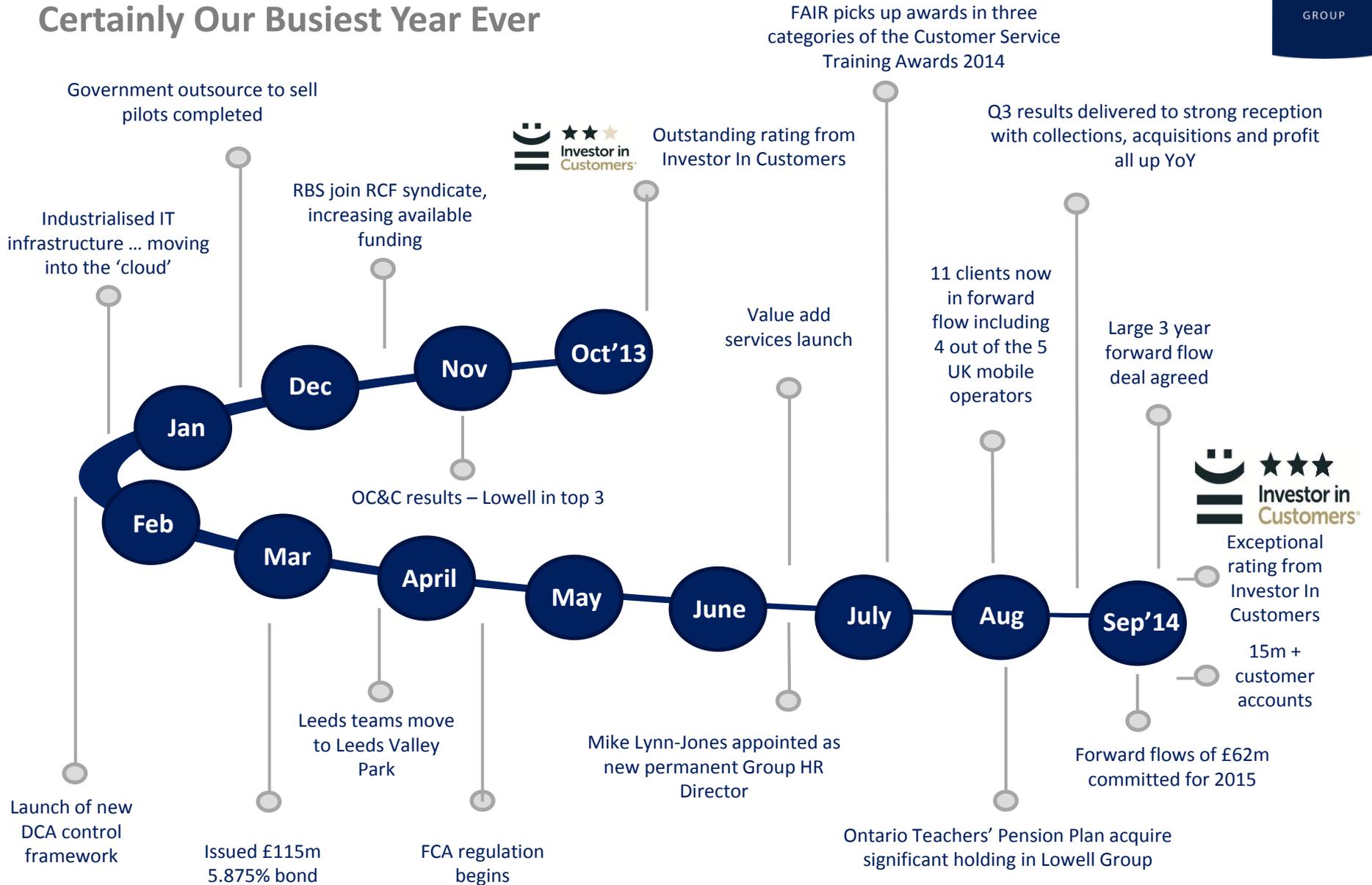
Developed and further refined our origination capability

4

Consistently delivered attractive cash multiples & sustainable growth across all key financial indicators

The Year In Detail

Certainly Our Busiest Year Ever



Change in Ownership Structure

Ontario Teachers' Pension Plan Acquire Significant Minority Interest

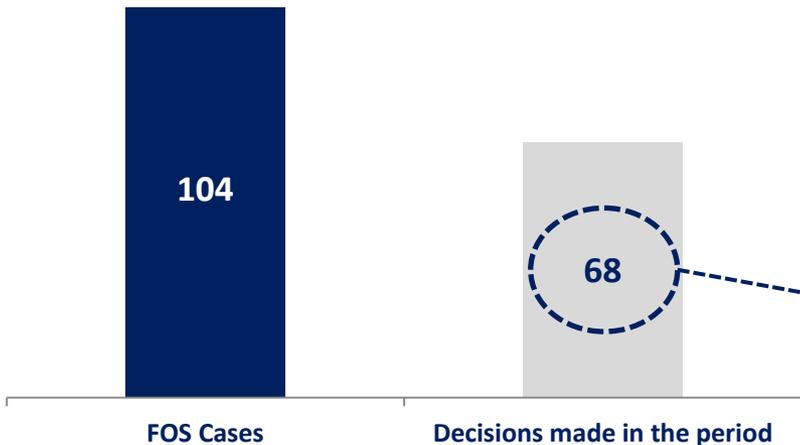
- On August 11th 2014, Lowell announced that Teachers' Private Capital, an investment division of the Ontario Teachers' Pension Plan Board, has agreed to acquire a significant minority interest in Lowell Group
- Each of the current investors in Lowell will remain shareholders, each selling a proportionate amount of their current holding
- Strong endorsement of management's strategy and Lowell's strong positioning and prospects
- We are delighted to also have the continued support of TDR Capital, underlining their belief in the growth opportunities that lie ahead
- *The Ontario Teachers' Pension Plan is the largest single-profession pension plan in Canada, with over \$140 billion in net assets administering the pensions of 307,000 teachers. Teachers has been active in Europe since 1992 and has invested CAN \$20bn in private equity globally*

Compliance Advantage of Integrated Platform

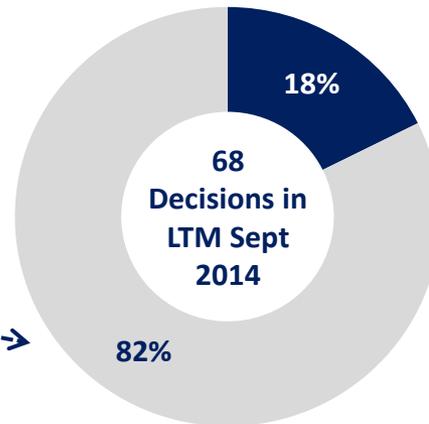
Industry Leading Focus On Delivering Better Service To Our Customers



Lowell FOS Activity (last 12 months to September 2014)



Strong FOS Uphold Rate



■ Lowell Favour ■ Customer Favour

Very Low Rate of Internal Complaints

- Low complaints rate of 0.08%¹
- Typical upheld rate of 10%²

- Greater than four fifths off decisions made in the period were awarded in the Company's favour
- Represents a decision rate on average Financial Services/Mail Order accounts owned of 0.0009%
- FOS upheld rate below 12% in the last quarter of the FY

1. Last 12 months to September 2014, all owned accounts, average of October 13 to September 14

2. "Upheld" is where we consider, after investigating the customer's "expression of dissatisfaction", that the complaint should be "upheld" as there has been detriment for the customer caused by the company

Originations

Diversified Investments In A Market With Scale & Growth

A Record Year Of Investments

- Delivered £162m of portfolio investments – an increase of 32% (£39m) on the prior year
- Forward flow investments increased 43% YoY – now accounting for more than a third of total acquisitions
- Acquisitions made from multiple sectors and multiple clients

Through Continued Small Portfolio Investments¹



From A Diversified & Strategic Client Base



And Nearly Triple Our FY 2010 Investments

FY 2010 £57m

- 19 Clients
- 5 sectors
- Debt purchase only
- 5 forward flow clients one year deals
- Crossover on acquisitions circa 20%

FY 2014 £162m

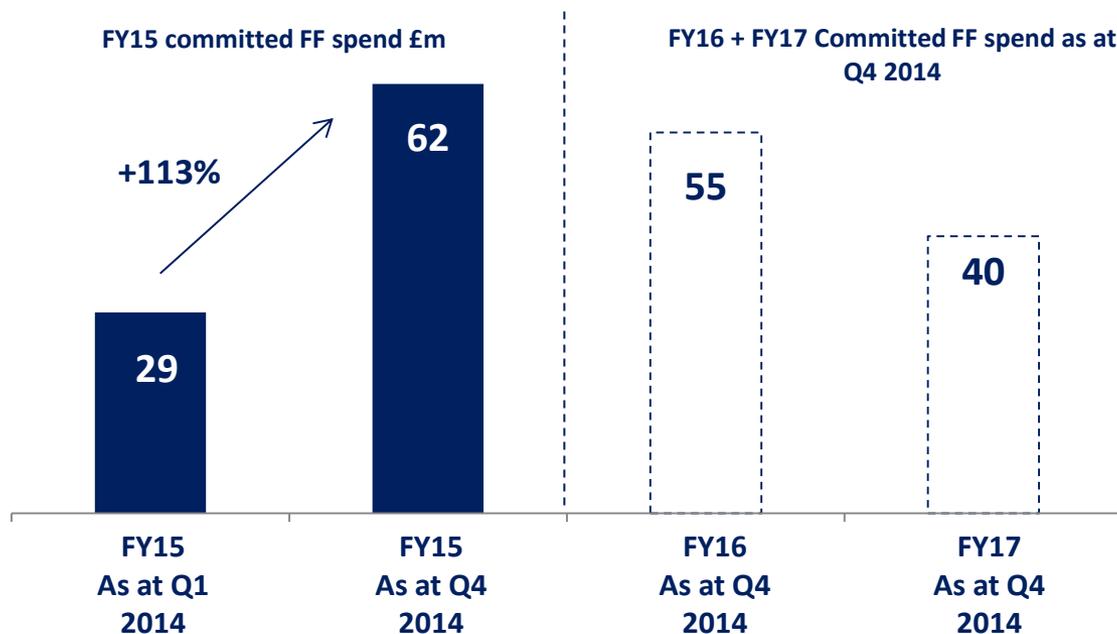
- 30 Clients
- 6 sectors
- Value added services launched
- Contingent DCA collections via Interlaken
- Appropriate litigation channel
- 11 forward flow clients up to 3 year deals
- Crossover on acquisition in excess of 50%

1. All years on a last 12 months to September basis

Originations

Strategic Progress Made In Acquisitions Above & Beyond Headline Growth

Significant Forward Flow Progress & Significant Progress In Embedding Lowell With Our Clients

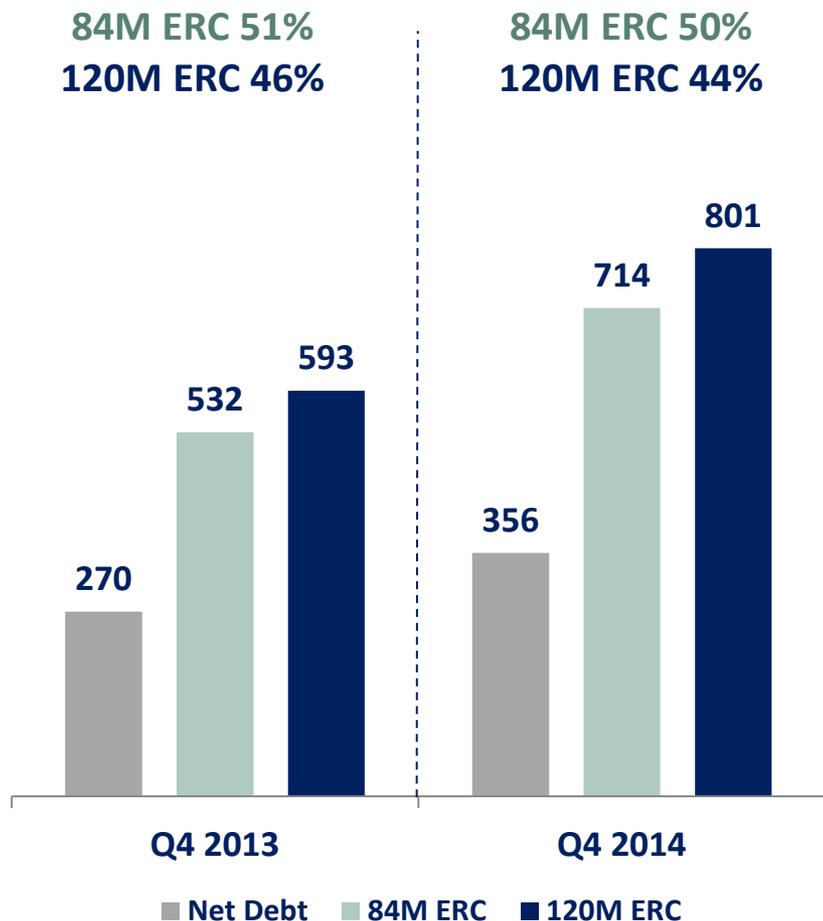


- Doubled forthcoming committed FF as compared to the start of FY 2014
- Forward flow accounted for 36% of 2014 acquisitions up from 33% in 2013
- We also have longer term contracts on several key clients

Cashflow & Liquidity

Comfortable Leverage Underpinned By Strong C-o-C Multiples

Net Debt as % of ERC Flat YoY



Portfolio Performance By Vintage

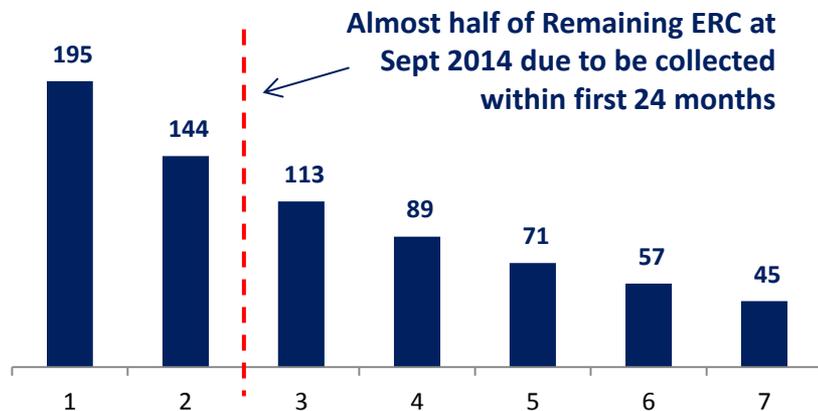
Vintage	1	2	3	2 + 3	(2 + 3) / 1
Vintage	Purchase Price	Collections to date	120-Month Gross ERC	Total Estimated Collections	Total Gross Cash-On-Cash Multiple
2005	39.4	61.6	4.5	66.1	1.7x
2006	39.3	75.2	8.8	84.0	2.1x
2007	49.8	104.8	15.9	120.7	2.4x
2008	60.0	112.3	27.4	139.7	2.3x
2009	65.8	140.7	42.1	182.8	2.8x
2010	57.1	119.1	45.4	164.6	2.9x
2011	68.2	110.0	64.1	174.1	2.6x
2012	93.3	115.1	114.8	229.9	2.5x
2013	124.4	97.4	184.2	281.6	2.3x
2014	162.2	44.0	293.6	337.6	2.1x
Total	759.6	980.2	800.9	1,781.2	2.3x

Cashflow & Liquidity

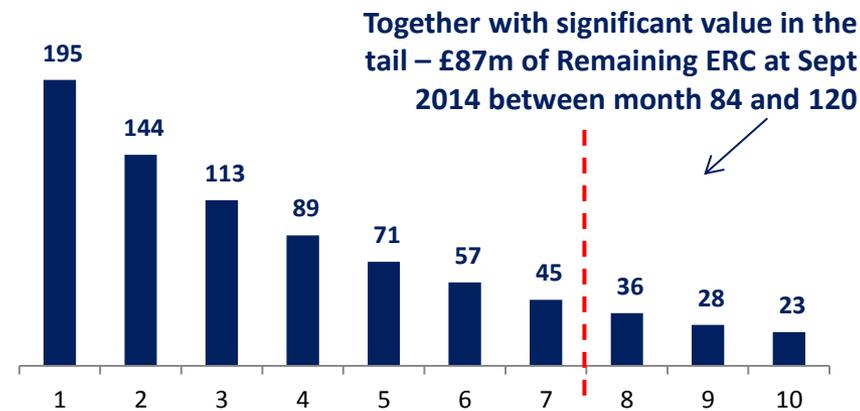
Superior Cashflow Predictability



84-Month ERC £m



120-Month ERC £m



Strong Earnings Visibility

- Typically 80% of EBITDA comes from assets owned at the beginning of the period
- Future year purchases & cash-on-cash multiples supported by extensive forward flow arrangements already in place

Leverage

Key Ratios Remain Well Within Covenants

Key B/S and Coverage Ratios

Lowell Financial Holdings Limited (Bond group basis)	12 months to Sep 2013	12 months to Sep 2014
Key Financial Metrics £m		
ERC	532.1	713.9
Gross Debt	285.0	390.0
Cash	(14.8)	(33.7)
Net Debt	270.2	356.3
Adjusted EBITDA	110.7	125.5
RCF Drawdown	10.0	0.0
Covenant Ratios		
LTV	51%	50%
Super Senior LTV	0.0%	0.0%
Leverage and Coverage Ratios		
Net debt / Adjusted EBITDA	2.4	2.8
Consolidated Adjusted EBITDA / Fixed Charges	3.9	3.5

- Portfolios forecast to generate £714m in cash collections (ERC) in the next 84 months

- 48% of cash collections expected to be generated in the next 24 months
- 76% of cash collections expected to be generated in the next 48 months

- Loan To Value measure remains comfortably within covenant stipulations and favourable to position at bond issue

*Limited to zero if negative

Notes

LTV ratios calculated on same basis as presented in the Offering Memorandum “Summary Consolidated Financial Data”

Other leverage and coverage ratios presented as these are regularly reviewed by management. However, there are no specific covenants in place which relate to these ratios

Note: The company and its shareholders continually assess a range of strategic options for the business, including an IPO

3. Looking Forward

Conclusion

Leading Position In A Structurally High Growth Market

- Strong Financials – growth, high returns and embedded earnings
- High and predictable cash generation
- Clear strategic positioning
- Compliance advantages of an integrated operational platform
- Industry leading returns on capital protected by focus upon market segments where low cost to collect is a significant advantage
- Accomplished and experienced leadership team
- Significant financial backing of TDR Capital and OTPP

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