

## Lowell First Quarter Results 2023

### Strong start to the year with collections performing in line with expectations

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 31 March 2023.

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

"These results demonstrate our resilience and continue to demonstrate our long track record of collecting in line with our ERC forecasts. As a business we continue to focus on balance sheet strength and operational efficiency driving 300bps margin expansion and a reduction in leverage below 3.0x across the next 15 months."

#### Key Highlights

- Collections performing at 100% vs Dec-22 static pool
- LTM Cash EBITDA increasing to £661m (£533m)
- +100bps LTM Margin accretion to 61% (60%)
- £187m LTM free cash generated
- £377m LTM Market Portfolio Acquisitions (£557m)
- Off-balance sheet securitisation of Danish reperforming assets completed in May-23, contributing £55m to cashflow and reduction in debt, demonstrating repeatability of funding source
- Strong liquidity at the end of the quarter of £286m
- Pro forma leverage 3.1x
- Reaffirmation of financial guidance: leverage <3.0x within next 15 months, +300bps Cash EBITDA margin expansion across next 15 months

(Note: comparable numbers for LTM Q1-22 in brackets)

#### Key Financial Highlights

<b>As at 31 March 2023</b>	<b>LTM Q1-23</b>	<b>LTM Q1-22</b>	<b>Change</b>
Cash Income	£1,090m	£886m	+25%
Cash EBITDA	£661m	£533m	+24%
Cash EBITDA Margin	61%	60%	+100bps
Portfolio Acquisitions	£377m	£557m	(31)%

#### Outlook

Following significant capital deployment during 2022, including the completion of the Hoist UK acquisition, the Group is focused on balance sheet strength, increasing returns through disciplined capital deployment and operational effectiveness to drive margin expansion. Consistent with this outlook, the Group expects FY23 purchases to be more closely aligned to its Replacement Rate and its Cash EBITDA margin to improve by 300bps over the next 15 months. Alongside repeatable balance sheet velocity actions, this focus will drive leverage below 3.0x over the next 15 months.

## Group Financial Performance

### ***Strong performance***

Collection performance in line with forecast at 100% of Dec-22 static pool. Record £661m LTM Cash EBTIDA delivering 24% LTM growth. Cash EBTIDA growth of £128m YoY with collections in the quarter delivered in line with our ERC forecast.

Additionally, the quarter benefited from the acceleration of collections associated with the Swedish portfolio sale. Strengthened margin performance, at 61% on an LTM basis, reflects the encouraging cost control and actions taken across prior periods.

### ***Strengthened liquidity***

The Group continues to generate significant free cashflow after Replacement Rate, providing sustainable self-funding for growth. Together with balance sheet velocity actions, the Group has strengthened its liquidity position to £286m.

During Q1-23 the Group completed the sale of a pool of Swedish portfolios, raising proceeds of c£95m.

In May-23, the Group completed its second off-balance sheet securitisation of reperforming receivables demonstrating the repeatability of this funding source and the continuation of our balance sheet velocity actions. The second reperforming securitisation was completed on Danish receivables and raised c£55m proceeds.

### ***Focus on delivering leverage guidance***

Leverage is 3.1x (pro forma for the May-23 off-balance sheet securitisation).

The Group is focussed on delivering its leverage guidance of <3.0x over the next 15 months through a combination of balance sheet velocity initiatives alongside organic deleveraging driven by improvements to the underlying business.

## Conference Call and Webcast

Call and webcast live at 08:30am (BST) Wednesday 31 May 2023

Registration details

- Webcast (listen only with digital question submission)
  - [Lowell Group Q1-23 Results \(financialhearings.com\)](https://financialhearings.com)
- Teleconference Lines (with interactive Q&A)
  - [Call Registration and Access \(financialhearings.com\)](https://financialhearings.com)

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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)

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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.*