

Lowell First Quarter Results 2024

Strong operational performance continues into 2024

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 31 March 2024.

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

"The business continues to deliver operationally, and we have started the year with strong momentum. These results showcase another quarter of delivery against our collection expectation and continued underwriting at attractive returns. We have strengthened liquidity through our Balance Sheet Velocity Programme and we are confident the business will continue to showcase best in class operational performance across all regions."

Key Highlights

- Collections performing at 101% vs Dec-23 static pool
- LTM Cash EBITDA increasing to £710m (£661m)
- LTM portfolio acquisitions of £328m aligned to guidance of deployment at levels aligned to ERC Replacement Rate
- Strong reported liquidity at the end of the quarter of £271m
- Reported Net leverage of 3.2x (3.5x)

(Note: comparable numbers for LTM Q1-23 in brackets)

Key Financial Highlights

As at 31 March 2024	LTM Q1-24	LTM Q1-23	Change
Cash Income	£1,159m	£1,090m	+6%
Cash EBITDA	£710m	£661m	+7%
Cash EBITDA Margin	61%	61%	+0bps
Portfolio Acquisitions	£328m	£377m	(13)%

Outlook

The business continues to deploy capital at a run-rate broadly in line with its ERC Replacement Rate and at return levels it has guided to the market. Recent portfolio disposals in DACH allow the business to pivot to a service led offering in this region, focussing on greater debt purchase returns across the UK and Nordic markets.

Third-party servicing is showing strong momentum following key client wins and increasing levels of handovers. This is expected to continue through 2024 and provide key capital-light revenues.

The business maintains a strong position of liquidity, bolstered by recent Balance Sheet Velocity Initiatives, providing meaningful optionality as it considers refinancing obligations across 2024.

Group Financial Performance

Continued Delivery of Collection Expectation

The Group has collected at 101% of its Dec-23 balance sheet expectation, evidencing its forecasting accuracy alongside its collection capabilities across its three regions. Within this, the collection momentum witnessed in the UK across 2023 has continued into 2024, with performance in excess of 100%.

Frontbook acquisitions in Q1 are also performing in line with priced expectation.

Third Party Servicing Growth

The Group's third-party servicing operations have also started the year strongly, reporting double digit growth against the previous quarter.

This service line is expected to benefit further from key client wins, increasing handovers and the servicing mandates associated with the Balance Sheet Velocity transactions.

Liquidity Further Strengthened Through Balance Sheet Velocity Programme

The Group completed a sale of a selection of portfolios in DACH in Jan-24 and has followed this up with two further transactions in Q2-24. Combined, these transactions accelerated ~£150m of value from the backbook in DACH to support liquidity and refinancing flexibility, alongside a wider strategic pivot to a service led offering in this region.

Conference Call and Webcast

Call and webcast live at 08:30am Thursday 30th May 2024

Registration details

- Webcast (listen only with digital question submission)
 - [Lowell Group Q1-24 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.

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.