

Lowell Second Quarter Results 2024

Strong operational performance and collection momentum

Lowell, a European leader in credit management services, today announces its results for the 3 months ended 30 June 2024.

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

"Our results continue to demonstrate the strength of our collection franchises across Europe. The operational ability and resilience of the business, coupled with the continued deployment of capital at attractive and accretive returns, ensures Lowell remains a key leader across the CMS sector.

"Collections continue to outperform expectation, and the recent DACH portfolio sales provide the Group with enhanced liquidity as we look to address the Group's refinancing requirement across H2 as guided."

Key Highlights

- Collections performing at 102% vs Dec-23 static pool (100%)
- LTM Cash EBITDA increasing to £756m (£724m)
- LTM portfolio acquisitions of £332m (£364m) aligned to guidance of deployment at levels aligned to ERC Replacement Rate
- Strong reported liquidity at the end of the quarter of £337m (£209m)
- Reported Net leverage of 3.0x (3.2x)

(Note: comparable numbers for LTM Q2-23 in brackets)

Key Financial Highlights

As at 30 June 2024	LTM Q2-24	LTM Q2-23	Change
Cash Income	£1,195m	£1,177m	+2%
Cash EBITDA	£756m	£724m	+4%
Cash EBITDA Margin	63%	62%	+100bps
Portfolio Acquisitions	£332m	£364m	(9)%

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. The Group has a healthy pipeline visibility with currently >£400m of commitments through to the end of 2026, with annual purchases expected to grow to ~£375m in 2025.

Group Financial Performance

Sector Leading Collection Performance

The Group has collected at 102% of its Dec-23 balance sheet expectation, continuing to evidence the strength of the collection platforms across the Group. Within this, collection momentum in the UK remains with encouraging at >102%.

Frontbook assets (2024 purchases) are also performing strongly across the Group at 101% of priced expectation YTD.

Third Party Servicing Growth

The Group's third-party servicing operations continue to benefit from key client wins, increasing handovers and the servicing mandates associated with the Balance Sheet Velocity transactions. This is expected to drive the double-digit servicing growth which is guided across FY24.

This Growth is expected to continue, and servicing will increase as a proportion of Cash Income on average across the next 5 years across the Group.

Strong Liquidity Providing Key Optionality

The DACH portfolio sales completed in Q2 have helped to strengthen liquidity and provide the Group with greater optionality when considering refinancing options across H2-24.

Conference Call and Webcast

Call and webcast live at 08:30am Thursday 29th August 2024

Registration details

- Webcast (listen only with digital question submission)
 - [Lowell Group Q2 Report 2024 \(financialhearings.com\)](https://financialhearings.com)
- Teleconference Lines (with interactive Q&A)
 - [Call 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.