

# Mizzen Mezzco Limited

## Financial Highlights

### Results for the quarter and six months ended 30 June 2017

Tom Woolgrove, Chief Executive, commenting on the results said:

"The Group has continued to deliver steady financial performance in the first half of 2017, with Adjusted Post Securitisation EBITDA of £35.6 million, an increase of 4.1% year on year.

While we were disappointed with the reduction in net advances, we continued to focus on our margins. Net advances were impacted by consolidation activity in our broker community and lower volumes from several of our key retail brokers due to wider environmental factors.

We are pleased to note the successful launch of our inaugural Public Asset Backed Security issuance in June 2017 and we received full FCA authorisation in July 2017.

We continue to focus on our strategic objectives and continue to improve our service offering for both, our intermediary clients and our customers".

## Financial Highlights

Financial Data	For the six months ended 30 June 2017	For the six months ended 30 June 2016	Increase/ (Decrease)
(£ in millions, except percentages and ratios)	(unaudited)	(unaudited)	(unaudited)
Net Advances <sup>(a)</sup> .....	1,687.3	1,717.1	(29.8)
Turnover.....	65.6	64.8	0.8
EBITDA .....	36.6	40.8	(4.2)
Adjusted EBITDA <sup>(b)</sup> .....	42.5	42.6	(0.1)
Adjusted EBITDA Margin <sup>(b)</sup> .....	64.8%	65.7%	(0.9%)
Adjusted Post-Securitisation EBITDA <sup>(c)</sup> .....	35.6	34.2	1.4
Adjusted Post-Securitisation EBITDA Margin <sup>(c)</sup> .....	54.3%	52.8%	1.5%
Cash Conversion <sup>(d)</sup> .....	93.5%	84.2%	9.3%

  

Financial Data	For the quarter ended 30 June 2017	For the quarter ended 30 June 2016	Increase/ (Decrease)
(£ in millions, except percentages and ratios)	(unaudited)	(unaudited)	(unaudited)
Net Advances <sup>(a)</sup> .....	844.6	883.1	(38.5)
Turnover.....	33.3	33.1	0.2
EBITDA .....	20.0	20.9	(0.9)
Adjusted EBITDA <sup>(b)</sup> .....	22.5	21.8	0.7
Adjusted EBITDA Margin <sup>(b)</sup> .....	67.6%	65.9%	1.7%
Adjusted Post-Securitisation EBITDA <sup>(c)</sup> .....	18.8	17.6	1.2
Adjusted Post-Securitisation EBITDA Margin <sup>(c)</sup> .....	56.5%	53.2%	3.3%
Cash Conversion <sup>(d)</sup> .....	93.1%	86.4%	6.7%

a. Net Advances represents gross advances net of loans for policies or services that have been cancelled by end customers, or service provider

b. Adjusted EBITDA represents EBITDA as adjusted for certain transaction costs, one-time information technology and other expenses. Adjusted EBITDA margin as a % of Turnover.

c. Adjusted Post-Securitisation EBITDA adjusted for funding costs; Adjusted Post-Securitisation EBITDA margin as a % of Turnover.

d. Cash conversion as % of Free Cash flow to Adjusted Post-Securitisation EBITDA; Free Cash flow represents Adjusted Post-Securitisation EBITDA – CapEx

# Mizzen Mezzco Limited

## Highlights for the six months ended 30 June 2017

- The overall size of our net advances is down by 1.7% to £1,687.3 million for the six months ended 30 June 2017 (H1 2016: £1,717.1 million).
- EBITDA decreased by £4.2 million or 10.3% to £36.6 million in the six months ended 30 June 2017 (H1 2016: £40.8 million), primarily due to an increase of one-time technology (net of capitalisation) of £4.1 million.
- Adjusted post-securitisation EBITDA increased £1.4 million or 4.1% to £35.6 million, driven by turnover growth and lower interest expense due to removal of the interest rate swap contracts in October 2016.
- Looking at the components of Adjusted post-securitisation EBITDA in more detail:
  - Group turnover increased by £0.8 million, or 1.2%, to £65.6 million for the six months ended 30 June 2017 (H1 2016: £64.8 million), despite lower net advances. This was driven by mix change.
  - Net credit losses of £2.9 million increased by £0.1 million for the 6 months ended 30 June 2017 (H1 2016: £2.8 million). Increased credit losses have been offset by recoveries.
  - Operating expenses <sup>(1)</sup> increased by £0.8 million to £20.2 million or 4.1% for the six months ended 30 June 2017 (H1 2016: £ 19.4 million), due to incremental staff and facilities costs as we invest in our organisation.
  - Securitisation interest expense decreased by £1.5 million, or 17.9%, to £6.9 million for the six months ended 30 June 2017 (H1 2016: £8.4 million) due to a benefit from expiry of the interest rate swap contracts.

## Highlights for the quarter ended 30 June 2017

- The overall size of our net advances fell by 4.4% to £844.6 million for the quarter ended 30 June 2017 (Q2 2016: £883.1 million), because of a loss of volume from brokers arising from market consolidation; and lower volumes from our retail brokers impacted by wider environmental factors.
- EBITDA decreased by £0.9 million or 4.3% to £20.0 million in the quarter ended 30 June 2017 (Q2 2016: £20.9 million); mainly due to an increase in one time technology costs (net of capitalisation).
- Adjusted post-securitisation EBITDA increased £1.2 million or 6.8% to £18.8 million (Q2 2016: £17.6 million), primarily driven by reduced funding costs and turnover growth.
- Looking at the components of Adjusted post-securitisation EBITDA in more detail:
  - Group turnover increased by £0.2 million, or 0.6%, to £33.3 million for the quarter ended 30 June 2017 (Q2 2016: £33.1 million).
  - Net credit losses of £1.0 million decreased by £0.3 million for the quarter ended 30 June 2017 (Q2 2016: £1.3 million), primarily due to an offset of write offs by recoveries.
  - Operating expenses <sup>(1)</sup> decreased by £0.2 million or 2.0% to £9.8 million for the quarter ended 30 June 2017 (Q2 2016: £ 10.0 million) due to cost management initiatives.
  - Securitisation interest expense decreased by £0.5 million, or 11.9%, to £3.7 million for the quarter ended 30 June 2017 (Q2 2016: £4.2 million), mainly due to expiry of the interest rate swap contracts.

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1. Operating expenses are adjusted for certain transaction cost, one time information technology and other expenses.