Mizzen Mezzco Limited

Results for the year and quarter ended 31 December 2016

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

"The Group has continued to deliver another strong financial performance in the year to December 2016, with Adjusted Post Securitisation EBITDA of £68.7 million, an increase of 8.2% year on year.

We have also made progress in delivering on a number of strategic priorities, including putting in place a Master Trust facility structure, and implementing a new loan administration system, migrating from our legacy platform, and new point of payment platform ('EPICC').

In January 2017, we announced that Robert Allan, Chief Financial Officer of Premium Credit, will be leaving the business in April 2017. We would like to thank Rob for his significant contribution and many years of loyal service to Premium Credit. Nayan Kisnadwala will remain as Group Chief Financial Officer."

Financial Highlights

Financial Data **(£ in millions, except percentages and ratios)**	**For the year ended 31 December 2016** **(unaudited)**	**For the year ended 31 December 2015[e]** **(unaudited)**	**Increase / (Decrease)** **(unaudited)**
Net Advances[(a)]	3,551.1	3,423.5	127.6
Turnover	132.8	126.2	6.6
EBITDA	79.9	69.1	10.8
Adjusted EBITDA[(b)]	85.4	81.3	4.1
Adjusted EBITDA Margin[(b)]	64.3%	64.4%	-0.1%
Adjusted Post-Securitisation EBITDA[(c)]	68.7	63.5	5.2
Adjusted Post-Securitisation EBITDA Margin[(c)]	51.7%	50.3%	1.4%
Cash Conversion[(d)]	82.8%	91.5%	-8.7%

Financial Data **(£ in millions, except percentages and ratios)**	**For the quarter ended 31 December 2016** **(unaudited)**	**For the quarter ended 31 December 2015[e]** **(unaudited)**	**Increase / (Decrease)** **(unaudited)**
Net Advances[(a)]	807.7	799.7	8.0
Turnover	34.5	33.4	1.1
EBITDA	19.0	21.6	(2.6)
Adjusted EBITDA[(b)]	20.8	21.6	(0.8)
Adjusted EBITDA Margin[(b)]	60.3%	64.7%	-4.4%
Adjusted Post-Securitisation EBITDA[(c)]	17.0	17.3	(0.3)
Adjusted Post-Securitisation EBITDA Margin[(c)]	49.3%	51.8%	-2.5%
Cash Conversion[(d)]	74.1%	77.5%	-3.3%

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 Adjusted Post-Securitisation EBITDA; Free Cash Flow represents Adjusted Post-Securitisation EBITDA – CapEx

e. Due to a misclassification in 2015 of an IFRS restatement of One time IT and other expenses, 2015 Adjusted Post-Securitisation EBITDA has decreased £3.1 million from previously reported £66.6 million to £63.5 million. The 2015 and Q415 comparative in this report reflect the corrected results and any ratios, percentages or other metrics impacted recalculated as required. This has no impact upon Profit before Taxation or Net Assets.

Mizzen Mezzco Limited

Highlights for the year ended 31 December 2016

- We have increased the overall size of our net advances by 3.7% to £3,551.1 million for the year ended 31 December 2016 (year ended 31 December 2015: £3,423.5 million), due to the combination of relationships established with new intermediaries, greater penetration with our existing intermediaries and the increase in Insurance Premium Tax.
- EBITDA increased by £10.8 million or 15.6% to £79.9 million in the year ended 31 December 2016 (31 December 2015: £69.1 million). Adjusted post-securitisation EBITDA increased £5.2 million or 8.2% to £68.7 million (2015: £63.5 million). Turnover growth of 5.2%, combined with the improved funding costs of the Group, is driving this increase.
- Looking at the components of Adjusted post-securitisation EBITDA in more detail:
    - Group turnover increased by £6.6 million, or 5.2%, to £132.8 million for the year ended 31 December 2016 (year ended 31 December 2015: £126.2 million). This increase is driven by the growth in net advances and the impact of the Insurance Premium Tax increase.
    - Credit losses including provisions increased £0.8 million to £6.7 million for the year ended 31 December 2016 (year ended 31 December 2015 £5.9 million).
    - Operating expenses increased by £1.7 million to £40.7 million for the year ended 31 December 2016 (year ended 31 December 2015: £39.0 million) due to incremental staff and facility costs as we invest in the organisation.
    - Securitisation interest expense decreased by £1.1 million, or 6.2%, to £16.7 million for the year ended 31 December 2016 (year ended 31 December 2015: £17.8 million) as we extended and amended the terms of our securitisation facility in July 2015. With effect from 16 June 2016, the facility was increased from £1.05 billion to £1.25 billion, with £100 million of this increase provided by Royal Bank of Scotland (RBS) entering the facility. In December 2016, the final legal maturity of the securitisation notes was extended to December 2019.
- In December 2016, a Master Trust facility structure was put in place which became effective 2 February 2017, replacing the existing securitisation facility; on this date, the overall facility was also reduced to £1.15 billion. This provides access to the same sources of funding as under the securitisation facility, plus funding for an excess concentration series, and will allow future access to public Asset-backed security (ABS) funding. This will diversify our funding base, further reducing liquidity risk.
- The Group made a cash distribution of £31.0 million in December 2016

Highlights for the quarter ended 31 December 2016

- We have increased the overall size of our net advances by 1.0% to £807.7 million for the quarter ended 31 December 2016 (Q4 2015: £799.7 million), due to the combination of relationships established with new intermediaries, greater penetration with our existing intermediaries and the increase in Insurance Premium Tax.
- EBITDA decreased by £2.6 million or 12.0% to £19.0 million in the quarter ended 31 December 2016 (Q4 2015: £21.6 million). Adjusted post-securitisation EBITDA decreased £0.3 million or 1.7% to £17.0 million (Q4 2015: £17.3 million) due to increased operating expenses offsetting an increase in turnover and lower funding costs.

- Looking at the components of Adjusted post-securitisation EBITDA in more detail:
  - Group turnover increased by £1.1 million, or 3.3%, to £34.5 million for the quarter ended 31 December 2016 (Q4 2015: £33.4 million). This increase is driven by the growth in net advances and the impact of the Insurance Premium Tax increase.
  - Credit losses including provisions decreased £0.1 million to £2.3 million for the quarter ended 31 December 2016 (Q4 2015 £2.4 million).
  - Operating expenses increased by £1.9 million to £11.4 million for the quarter ended 31 December 2016 (Q4 2015: £ 9.5 million), primarily due to incremental staff and facilities costs as we invest in the organisation.
  - Securitisation interest expense decreased by £0.5 million, or 11.6 %, to £3.8 million for the quarter ended 31 December 2016 (Q4 2015: £4.3 million) due to a reduction in swap interest of £0.2 million and a reduction of the base rate by 25 bps in August 2016.