

Mizzen Mezzco Limited

Financial Results

Results for the quarter and nine months ended 30 September 2017

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

“The Group has continued to deliver steady financial performance in the first nine months of 2017, with Adjusted Post-Securitisation EBITDA of £54.1 million, an increase of 4.6% year on year.

We have continued to invest in the future of our business in terms of the people, facilities, processes and our technology offering. This investment is on track to deliver significant improvements in our intermediary and customer experience, together with improved operating efficiency.

Following the successful settlement of our inaugural public ABS transaction, we are pleased to be settling our second transaction today, allowing us to continue our programme of funding diversification. In the end, the deal priced at the tight end of our initial pricing thoughts. We are delighted with the successful second issuance for our Master Trust structure.

While we are disappointed in the reduction in our net advances, the business remains confident of its medium-term trajectory, with the roll out of our new point of payment platforms, which we expect to increase the take up of Insurance Premium Finance with existing intermediaries and a healthy new business pipeline into 2018 and beyond.

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

Financial Results

	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016	Increase/ (Decrease)
(£ in millions, except percentages and ratios)	(unaudited)	(unaudited)	(unaudited)
Net Advances ^(a)	2,667.7	2,743.4	(75.7)
Turnover	98.9	98.3	0.6
EBITDA	54.9	60.8	(5.9)
Adjusted EBITDA ^(b)	64.4	64.6	(0.2)
Adjusted EBITDA Margin ^(b)	65.1%	65.7%	(0.6)%
Adjusted Post-Securitisation EBITDA ^(c)	54.1	51.7	2.4
Adjusted Post-Securitisation EBITDA Margin ^(c)	54.7%	52.6%	2.1%
Cash Conversion ^(d)	93.9%	85.7%	8.2%

	For the quarter ended 30 September 2017	For the quarter ended 30 September 2016	Increase/ (Decrease)
(£ in millions, except percentages and ratios)	(unaudited)	(unaudited)	(unaudited)
Net Advances ^(a)	980.4	1,026.3	(45.9)
Turnover	33.3	33.5	(0.2)
EBITDA	18.3	20.0	(1.7)
Adjusted EBITDA ^(b)	21.9	22.0	(0.1)
Adjusted EBITDA Margin ^(b)	65.8%	65.7%	0.1%
Adjusted Post-Securitisation EBITDA ^(c)	18.5	17.5	1.0
Adjusted Post-Securitisation EBITDA Margin ^(c)	55.6%	52.2%	3.4%
Cash Conversion ^(d)	94.6%	88.6%	6.0%

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 a % of Free Cash flow to Adjusted Post-Securitisation EBITDA; Free Cash flow represents Adjusted Post-Securitisation EBITDA – CapEx

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Results for the nine months ended 30 September 2017

- Net advances for the first nine months of 2017 were £2,667.7 million, 2.8% lower than the same period last year (nine months ended 30 September 2016: £2,743.4 million) due to consolidation in the broker market and lower new business volumes from some of our retail brokers being impacted by wider macro-economic factors. Adjusting for the impact of market consolidation, our net advances for the nine months to September have increased by 0.7%, when compared to the same period last year.
- EBITDA decreased by £5.9 million or 9.7% to £54.9 million in the nine months ended 30 September 2017 (nine months ended 30 September 2016: £60.8 million), primarily due to an increase in one-time IT expenditure.
- Adjusted Post-Securitisation EBITDA increased by £2.4 million or 4.6% to £54.1 million, primarily due to lower funding costs.

Results for the quarter ended 30 September 2017

- The results for the quarter are driven by the same factors impacting our year to date performance.
- Net advances for the quarter ended 30 September 2017 were £980.4 million, 4.5% lower than the same period last year (Q3 2016: £1,026.3 million).
- EBITDA decreased by £1.7 million or 8.5% to £18.3 million in the quarter ended 30 September 2017 (Q3 2016: £20.0 million), primarily due to increased investment in one-time IT expenditure.
- Adjusted Post-Securitisation EBITDA increased by £1.0 million or 5.7% to £18.5 million (Q3 2016: £17.5 million).