

Mizzen Mezzco Limited

Results for the quarter ended 31 March 2017

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

“The Group has continued to deliver steady financial performance in the quarter to March 2017, with Adjusted Post Securitisation EBITDA of £16.8 million, an increase of 1.2% year on year.

In December 2016, a Master Trust facility structure was put in place, which became effective 2 February 2017, replacing the existing securitisation facility. This provides access to the same sources of funding as under the securitisation facility, with the addition of available funding through an excess concentration series. The new structure will enable future access to public Asset-backed security (ABS) funding. This has diversified our funding base, further reducing liquidity risk.”

Financial Highlights

Financial Data	For the quarter ended 31 March 2017	For the quarter ended 31 March 2016	Increase/ (Decrease)
(£ in millions, except percentages and ratios)	(unaudited)	(unaudited)	(unaudited)
Net Advances ^(a)	842.7	834.0	8.7
Turnover	32.3	31.7	0.6
EBITDA	16.6	19.9	(3.3)
Adjusted EBITDA ^(b)	20.0	20.8	(0.8)
Adjusted EBITDA Margin ^(b)	61.9%	65.6%	(3.7%)
Adjusted Post-Securitisation EBITDA ^(c)	16.8	16.6	0.2
Adjusted Post-Securitisation EBITDA Margin ^(c)	52.0%	52.4%	(0.4%)
Cash Conversion ^(d)	94.0%	82.5%	11.5%

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

Highlights for the quarter ended 31 March 2016

- We have increased the overall size of our net advances by 1.0% to £842.7 million for the quarter ended 31 March 2017 (Q1 2016: £834.0 million), with strong growth in business and tax funding.
- EBITDA decreased by £3.3 million or 16.6% to £16.6 million in the quarter ended 31 March 2017 (Q1 2016: £19.9 million, which included £1.6 million currency gain); higher operating expenses also contributed to the reduction. Adjusted post-securitisation EBITDA increased £0.2 million or 1.2% to £16.8 million, driven by turnover growth of 1.9%.
- Looking at the components of Adjusted post-securitisation EBITDA in more detail:
 - Group turnover increased by £0.6 million, or 1.9%, to £32.3 million for the quarter ended 31 March 2017 (Q1 2016: £31.7 million). This increase is driven by the growth in net advances.
 - Credit losses of £1.5 million remained stable for the quarter ended 31 March 2017 (Q1 2016: £1.5 million).
 - Operating expenses increased by £1.4 million to £10.8 million for the quarter ended 31 March 2017 (Q1 2016: £ 9.4 million), primarily due to incremental staff and facilities costs as we invest in our organisation.
 - Securitisation interest expense decreased by £1.0 million, or 23.8%, to £3.2 million for the quarter ended 31 March 2017 (Q1 2016: £4.2 million), mainly due to expiry of the interest rate swap contracts in October 2016.