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Cabot Credit Management Financial Results for Year ended 31 December 2018

Cabot Credit Management (Cabot), a market leader in European credit management services, today announced the financial results for year ended 31 December 2018.

Key Financials	12 months to Dec 2018	12 Months to Dec 2017	% Change
Adjusted EBITDA	£349.8m	£295.2m	+18%
120 month ERC*	£2.7bn	£2.4bn	+13%
Debt Purchase Collections	£453.5m	£407.5m	+11%
Servicing Revenue	£82.0m	£40.2m	+104%

*Estimated Remaining Collections

Highlights

- 18% Adjusted EBITDA growth to £350 million at 63.5% margin
- £333 million of capital deployment at consistent money multiples
- 120 month ERC up 13% to £2.7 billion
- Leverage lowered to 4.1x at year end
- Servicing revenue grew 104% compared to 2017, up to £82 million, representing 21% of total revenues
- Announcing commitment to bring leverage down to 3.0x - 3.5x by the end of 2021

Ken Stannard, Chief Executive Officer, Cabot Credit Management, said:

“During this year our company has delivered another strong operating performance and has maintained capital management discipline in a competitive market. We deployed £333 million of capital during the year at consistent return levels. Compared to 2017, our servicing revenues have grown by £42 million and we have delivered Adjusted EBITDA of £350 million for the year whilst reducing our leverage to 4.1x.

We continue to focus on 'Being the Best at What We Do' putting the customer at the heart of our business. Our achievements were recognised in the industry this year with awards for best use of technology and best law firm of the year at the Credit Excellence Awards.

During the year, we concluded the transaction with Encore Capital to become a wholly owned subsidiary. Being part of the world's largest debt purchaser brings opportunities to maintain our competitive advantage, drive customer and compliance leadership and maximise our financial strength."

Ends

At 14:00 hours BST on Thursday 28th February 2019, Cabot Credit Management will hold an audio conference presentation on the company's performance and Encore transaction. For further details, please visit the Cabot investor website at www.cabotcm.com/investors.

For further information, please contact:

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Note to editors

Cabot Credit Management (www.cabotcm.com) is one of the largest credit management services providers in Europe and the market leader in the UK and Ireland, based on expected future gross cash collections. Cabot provides a range of credit management services across a broad client base that includes some of the largest credit providers in Europe. These services include debt servicing offerings such as early stage collections, business process outsourcing, contingent collections, trace services and litigation activities. Cabot has credit management experience across a range of both credit providers (including consumer finance, telecommunications companies, retailers, utilities companies and government agencies) and asset classes (including secured consumer debt, small and medium-sized enterprise debt, and high-value accounts).

Between Cabot's inception in 1998 to 31 December 2018, it has invested a combined total of c£2.6 billion in the acquisition of over £26.5 billion in face value of purchased loan portfolios and has received £3.1 billion in cumulative collections from purchased loan portfolios. As at 31 December 2018, Cabot's 120-month estimated remaining collections was £2.7 billion, and Cabot's 180-month estimated remaining collections was £3.1 billion.

With 21 years of debt purchase and debt servicing experience, Cabot was one of the first companies to engage in the credit management services market in the United Kingdom. In March 2016, Cabot became the first large credit management service company in the United Kingdom to be authorised by the FCA, and in May 2017 Cabot became the first credit management service company in Ireland to be authorised by the Central Bank of Ireland.

Customer service and regulatory compliance are at the core of Cabot's business and culture and are implemented through its collections strategy. Cabot seeks to treat its customers fairly and offer affordable payment solutions, often through long-term payment plans. Cabot has customer satisfaction scores in excess of all UK banking and building society benchmarks and many leading high street banks, and Cabot believes that it has one of the lowest rates of complaints in the debt collection industry referred to the UK Financial Ombudsman Service. Cabot has won numerous industry accolades, including 2018 Credit Excellence awards for Best Use of Technology and Best Law Firm, 2018 Utilities and Telecoms Awards for Best Outsourced Call Centre Operation, 2017 UK Customer Satisfaction Award from the Institute of Customer Service, Credit Excellence Awards 2016 for Compliance and the Credit Today Award 2016 for Treating Customers Fairly.