



Together Financial Services Limited

Q2 2018 Results

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading specialist secured lenders, is pleased to announce its results for the quarter ended 31 December 2017.

Commenting on today's results, Mike McTighe, Group Chairman of Together, said:

"Together continued to make strong progress in the quarter, achieving record lending volumes at conservative LTVs as we grew the loan book to £2.55bn.

"We delivered a 23.2% increase in originations compared with last year, including record monthly lending of £147.5m in November, while maintaining a highly conservative weighted average origination LTV of just 58.7%. Underlying profit before tax at £31.5m was 6.1% higher than Q2'17 and the Group remained highly cash generative, with cash receipts of £299.5m in the quarter.

"During the quarter we continued to enhance our platform to support our future growth ambitions, investing in our people, in our brand, in our products and distribution and in our systems. Our progress was reflected in a ratings upgrade from S&P in November and this momentum was continued into January with a further upgrade from Fitch, the refinancing of our Lakeside ABS facility on favourable terms and our successful £150m bond tap.

"While the impact of Brexit negotiations has so far been muted, the UK's economic outlook remains mixed with signs of increased productivity and wage inflation, but more subdued investment and optimism among businesses. Alongside changing work force demographics, such as increasing levels of self-employment, we believe these conditions will continue to create significant further opportunities for specialist lenders like Together."

Highlights

- **Continued growth in EBITDA and profit before tax**
 - Underlying EBITDA⁽¹⁾ up 14.7% to £54.3m compared with £47.3m in Q2'17 and by 2.8% compared with £52.8m in Q1'18
 - Underlying PBT increased by 6.1% to £31.5m compared with £29.7m in Q2'17 and by 1.6% compared with £31.0m in Q1'18
 - **Loan book reaches £2.55bn, driven by strong lending volumes at conservative LTVs**
 - Loan book £2.55bn at December 31, 2017, up 28.0% on December 31, 2016 (£1.99bn) and 7.4% compared with September 30, 2017 (£2.37bn)
 - Average monthly loan originations up 23.2% to £133.9m (Q2'17: £108.7m), with record originations of £147.5m in November 2017, and up 6.7% on Q1'18
 - Group weighted average LTV of new originations remained conservative at 58.7% compared with 55.8% in Q2'17 and 57.8% in Q1'18
 - Net impairment charge for the quarter £2.6m, compared with £2.4m in Q2'17 and £1.6m in Q1'18
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- **Increased interest receivable and high cash generation**
 - Interest receivable and similar income up 18.7% at £71.2m, compared with £60.0m in Q2'17 and up 4.7% on £68.0m in Q1'18, driven by interest earned on increased loan book levels
 - Group remains highly cash generative with cash receipts of £299.5m compared with £255.6m in Q2'17 and £319.3m in Q1'18
- **Positive momentum continues into January**
 - S&P upgrade to BB- in November 2017 supported by Fitch upgrade to BB in January 2018
 - £255m Lakeside ABS facility refinanced on favourable terms and extended to 2021
 - Successful £150m tap of 2024 Senior Secured Notes

	Q2'18	Q2'17	Q1'18
Underlying profit before taxation (£m) ⁽²⁾⁽¹⁾	31.5	29.7	31.0
Profit before taxation (£m)	31.5	20.9	31.0
Impairment charge (£m)	2.6	2.4	1.6
Loans and advances to customers (£m)	2,545.8	1,988.6	2,369.4
Shareholder funds (£m) ⁽³⁾⁽²⁾	694.7	612.2	678.7

⁽¹⁾ Underlying EBITDA for Q2'17 excludes £8.6m costs relating to the Exit of Funds

⁽²⁾ Underlying PBT for Q2'17 excludes £8.6m costs relating to the Exit of Funds and £0.2m non-recurring interest charge as a result of refinancing

⁽³⁾ Includes shareholder loans and notes of £24.1m (Q1'18: £23.7; Q2'17: £24.4m)

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About Together

Established in 1974, Together has been bringing common sense to the UK specialist secured lending market for over 40 years.

Our expertise in lending means we can look beyond mainstream lending criteria to take an individual view of customers' needs and treat each application on its own merits.

We offer a wide range of specifically designed products, including short-term finance, auction finance, residential, buy-to-let and commercial mortgages and secured loans through our established distribution network.

In the quarter to 31 December 2017, our 650+ colleagues advanced £133.9m per month growing our loan book to £2.55bn and generated £31.5m underlying profit before tax.