

# Together Financial Services Limited

## Full Year 2018-19 Results

12 September 2019

Together Financial Services Limited ('Together' or 'the Group'), one of the UK's leading specialist mortgage and loan providers, is pleased to announce its results for the year ended June 30, 2019.

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

"Together delivered another solid performance during the year, with strong lending volumes at low LTVs driving continued growth in the loan book and increased profitability and cash generation.

"Originations were up 19.4% to £2.0bn at conservative LTVs of 58.0%, as the loan book grew to a new high of £3.7bn. Net interest margin remained highly attractive within our peer group at 6.8% and profit before tax rose 7.1% to £130.3m, as the Group generated cash receipts of £1.6bn during the year.

"We further extended our distribution capabilities, launching the Together+ platform for strategic packager brokers and our new Corporate Relationship team for larger relationship based customers. We maintained our proactive review and engagement programme with customers and brokers, using the feedback to improve our processes, products and propositions and to further enhance the customer journey. During the year, we raised or refinanced over £2.0bn of facilities, increasing the scale and diversity of our funding base and extending the maturities to support the Group's future growth. We are also very proud that for the second year running we have been included in the Sunday Times '100 Best Companies to Work For'.

"While the UK's economic outlook remains uncertain with lead indicators continuing to be mixed and the 31 October Brexit deadline approaching, we are continuing to see strong demand from customers. With our through-the-cycle experience, robust asset quality and strong diversified funding base, we believe the Group remains well placed to deliver on its growth plans."

- **Continued growth in the loan book and profitability driven by strong lending volumes**
  - Average monthly loan originations up 19.4% to £165.2m (2018: £138.3m), while weighted average LTV remained conservative at 58.0% (2018: 58.0%)
  - Loan book reached £3.7bn in 2019, up 24.9% compared with 2018 (£3.0bn), with weighted average indexed LTVs remaining conservative at 54.3% (2018: 55.3%)
  - Interest receivable and similar income up 17.4% to £343.1m (2018: £292.2m), driven by interest earned on the growing loan book
  - Net interest margin remains highly attractive at 6.8% (2018: 7.7%) despite competitive market conditions, redemption of higher yielding legacy products, higher gearing and product mix changes
  - IFRS 9 net impairment charge of £15.4m for 2019 (2018: £11.4m presented under IAS 39)
  - EBITDA up 14.7% to £251.5m (2018: £219.2m) and PBT up 7.1% to £130.3m (2018: £121.7m)
  - Group remains highly cash generative with receipts up 25.8% to £1.6bn (2018: £1.2bn)
- **Further enhanced operations and governance**
  - Introduced Together+ platform for strategic packaging brokers, increased penetration of mortgage networks and clubs and launched new Corporate Relationship team to deliver relationship based customer lending
  - Rolled out improved customer experience programme across all departments, utilising customer and partner insights to optimise our processes and further improve our customer journey
  - Second successive year in The Sunday Times '100 Best Companies to Work For', third successive year in Sunday Times Top Track 250 and won overall 'Securitisation Issuer of the Year' at Global Capital Securitisation Awards
  - Appointed Richard Gregory as Chairman and in September 2019 Liz Blythe as Non-Executive Director of the Together Personal Finance board

- Well prepared for implementation of the Senior Managers and Certification Regime (SM&CR) within the Personal Finance division, effective from December 2019
- **Increased scale and diversity of funding on improved terms and extended maturities**
  - Increased AA rated CABS to £1.25bn, releasing £145m of equity to reduce Borrower Group gearing
  - Issued £350m Senior PIK Toggle Notes to refinance existing Senior PIK Toggle and Vendor Notes at Bracken Midco1 PLC level
  - Completed second public RMBS ('TABS 2') raising £272.6m against a loan portfolio of £286.9m
  - Refinanced Delta ABS facility increasing commitments from £90m to £200m

<b>Key metrics</b>	<b>2019</b> <i>IFRS 9<sup>1</sup></i>	<b>2018</b> <i>IAS 39<sup>1</sup></i>
Interest receivable and similar income (£m)	343.1	292.2
Interest cover ratio	2.2:1	2.4:1
Net interest margin (%)	6.8	7.7
Cost-to-income ratio (%)	36.2	34.2
Impairment charge (£m)	15.4	11.4
Cost of risk (%)	0.5	0.4
Profit before taxation (£m)	130.3	121.7
Loans and advances to customers (£m)	3,694.5	2,958.2
Net debt gearing (%)	78.0	74.6
Shareholder funds (£m) <sup>2</sup>	789.9	737.0
Return on equity (%)	14.9	15.6

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<sup>1</sup> The results for 2019 are reported under IFRS 9, while those for 2018 are reported under IAS 39. We have elected not to restate comparative figures. An explanation of the impact of transition to IFRS 9 is given in Notes 2 and 14 to the annual financial statements included within this report.

<sup>2</sup> Includes subordinated shareholder loans of £27.1m (2018: £25.1m).

**For further information:**

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**About Together**

Established in 1974, Together has been bringing common sense to the UK specialist lending market for 45 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 2019, we placed 52nd in the Sunday Times Top 100 Best Companies to Work for and were also named in the Sunday Times Top Track 250 for the third time, placing 82nd in the league table. Together is the trading name of Together Financial Services Limited, which has its registered office address at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.