

Together Financial Services Limited

Full Year 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 year ended 30 June 2018.

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

"Together delivered another strong performance during the year, achieving record lending volumes and profits while continuing to enhance our operating platform to support our future growth.

"Annual loan originations were up 40.0% to £1.7bn, including our highest ever month of lending of £169.2m in June, while we maintained a conservative loan-to-value on originations of 58.0% as we grew the loan book to a new high of £3.0bn. The Group remained highly profitable and cash generative, delivering a record profit before tax of £121.7m and cash receipts of £1.2bn. We extended our distribution reach by launching into the extensive UK retail broker networks and mortgage clubs, and we continued to invest to build a bigger and better business, increasing our total number of colleagues by over 100, including a number of senior appointments across the Group.

"We also added further depth and diversity to our funding structures, issuing our first public residential mortgage backed securitisation for £275m, upsizing our 2024 bonds with a successful £150m issuance, extending our £255m Lakeside securitisation on improved terms and launching our inaugural £525m Highfield warehouse facility for small balance commercial real estate. The Group's continued progress was reflected in rating upgrades from both S&P and Fitch.

"The UK's economic performance remains mixed, as continued uncertainty from Brexit negotiations caused the value of sterling to fall leading to an increase in the cost of imports. This, combined with signs of wage inflation, as employment reached its highest levels since the early 1970s, led to the Bank of England raising the base rate for the first time in a decade. While prices for prime London properties have continued to fall, the property market in the rest of the UK has remained strong. Despite these uncertainties, we continue to see increasing demand for our tailored products, speed of response and personalised approach to underwriting and, with the investment we are making in our platform, we believe Together remains well placed to deliver on our ambitious growth plans."

Highlights

- **Strong growth in loan book to £3.0bn, driven by record lending volumes at conservative LTVs**
 - Loan book at £3.0bn, up 32.0% (2017: £2.2bn).
 - Average monthly loan originations up 40.0% to £138.3m (2017: £98.8m).
 - Group weighted average LTV of new originations during 2018 remained conservative at 58.0% (2017: 57.1%).
 - Net impairment charge at £11.4m for the year, representing 0.43% of the average total loan assets(1) (2017: £7.4m, 0.36%).
- **Increased interest receivable and cash generation**
 - Interest receivable and similar income up 18.6% at £292.2m (2017: £246.5m), driven by interest earned on increased loan book levels.
 - Group remains highly cash generative with cash receipts of £1.2bn (2017: £1.0bn)
- **Continued growth in profits**
 - EBITDA on statutory basis up 18.4% to £219.2m (2017: £185.2m). Underlying EBITDA up 13.3% to £219.2m (2017: £193.4m).
 - Profit before tax on a statutory basis grew 29.2% to £121.7m compared with £94.1m for the year to June 30, 2017. (The underlying profit before tax for last year, excluding one-off refinancing and transaction costs, was £117.1m).
- **Further depth and diversity added to funding platform**

- Issuance of first public residential mortgage backed securitisation, for £275m in September 2017.
- £255m Lakeside ABS facility extended on favourable terms in January 2018.
- £150m issuance of 2024 bonds successfully completed in January 2018.
- Ratings upgrades from S&P and Fitch.
- Momentum maintained with increase in revolving credit facility from £57.5m to £71.9m in April 2018.
- On June 27, 2018, the Group completed a new £525m commercial real estate warehouse facility via the special purpose vehicle Highfield Asset Backed Securitisation 1 Limited ('Highfield ABS').

	2018	2017
	(£m)	(£m)
Profit before taxation (£m)	121.7	94.1
Underlying profit before taxation (£m) ²	121.7	117.1
Impairment charge (£m)	11.4	7.4
Loans and advances to customers (£m)	2,958.2	2,240.9
Shareholder funds (£m) ³	737.0	651.6

⁽¹⁾ Average total loan assets calculated as simple average of opening and closing balance.

⁽²⁾ Underlying PBT excludes one-off refinancing and transaction costs of £nil in 2018 (2017: £23.0m).

⁽³⁾ Includes shareholder loans and notes of £25.1m (2017: 23.2m)

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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 full year to 30 June 2018, our 700+ colleagues advanced £138.3m per month growing our loan book to £3.0bn, and generated £121.7m underlying profit before tax.