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NewDay

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Interim update for the six months  
ended 30 June 2017



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## Our owners

On 26 January 2017, the NewDay Group was acquired by funds advised by Cinven and CVC Capital Partners (CVC).

Cinven is a leading international private equity firm focused on building world-class European and global companies. Since 1988, Cinven funds have invested in 120 countries worth around €95 billion and realized proceeds of around €32 billion. Cinven's funds invest in six key sectors: Business Services; Consumer; Financial Services; Healthcare; Industrials; and Technology, Media and Telecommunications, and has offices in Guernsey, London, Frankfurt, Paris, Madrid, Milan, Luxembourg, New York and Hong Kong.

Cinven has a long and differentiated track record of investing in the Financial Services sector, including in highly regulated assets, where its track record includes the acquisitions of Premium Credit, Partnership Assurance and Guardian Financial Services in the United Kingdom, Ark Life and Avolon in Ireland, Heidelberger Leben (now renamed Viridium Group) in Germany, Skandia in Germany and Austria and ERGO Italia and Old Mutual Wealth in Italy.

CVC Capital Partners is a leading private equity and investment advisory firm. Founded in 1981, CVC today has a network of 24 offices and approximately 430 employees throughout Europe, Asia and the Americas. To date, CVC has secured commitments of over US\$105 billion from some of the world's leading institutional investors across its private equity and credit strategies, and, in total, CVC currently manages over US\$60 billion of assets. CVC Funds have completed over 300 private equity investments in a wide range of industries and countries across the globe. Today, funds managed or advised by CVC are invested in more than 50 companies worldwide, employing c.285,000 people in numerous countries. Together, these companies have combined annual sales of approximately US\$55 billion.

CVC's financial services team has invested over €2 billion of equity capital in the financial services sector since the team's inception in 2008. Its historic and current portfolio companies include: PIC, Skril, Domestic & General and Brit Insurance in the United Kingdom, Avolon in Ireland, Cunningham Lindsey in the United States, Cerved in Italy, Sun Hung Kai in China and Rizal Commercial Banking Corporation and SPi Global in the Philippines.

## Cautionary statement

This Interim update (this "Document") is provided in accordance with Part V of the Guidelines for Disclosure and Transparency in Private Equity in relation to the NewDay group of companies (comprising NewDay Group (Jersey) Ltd (the "Company") together with its subsidiaries and subsidiary undertakings (the "Group")). The Group includes various UK portfolio companies including NewDay Cards Ltd and NewDay Ltd.

All financial information contained in this Document relates to the consolidated financial results of the Company. The financial information contained in this Document has not been audited or verified by any independent accounting firm. All non-financial information contained in this Document relates to the business, assets and operations of the Group.

The board of directors of NewDay Group UK Ltd is responsible for the oversight of the Group's activities and management of the Group's UK subsidiaries. The managers of NewDay Group Holdings S.à r.l. remain responsible for matters relating to NewDay Group Holdings S.à r.l. and the directors of NewDay Group (Jersey) Ltd remain responsible for matters relating to NewDay Group (Jersey) Ltd. The governance and risk framework described in this report relates to the governance and risk framework established for the Group's UK subsidiaries. Except where expressly stated otherwise, references to the Board is to the board of directors of NewDay Group UK Ltd.

Certain financial data included in this Document consists of "non-IFRS financial measures". These non-IFRS (International Financial Reporting Standards) financial measures, as defined by the Company, may not be comparable to similarly-titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of the Company's cash flow based on IFRS. Even though the non-IFRS financial measures are used by management to assess the Company's financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of the Company's financial position or results of operations as reported under IFRS. The inclusion of such non-IFRS financial measures in this Document should not be regarded as a representation or warranty by the Company, any member of the Group, any of their respective affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information's portrayal of the financial condition or results of operations of the Company.

This Document may contain forward-looking statements. Forward-looking statements express the Company's current expectations and projections relating to their financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "aim," "anticipate," "believe," "can have," "could," "estimate," "expect," "intend," "likely," "may," "plan," "project," "should," "target," "will," "would" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. You acknowledge that circumstances may change and the contents of this Document may become outdated as a result. Nothing in this Document should be construed as a profit forecast.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in any member of the Group, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto.

The information contained in this Document should be considered in the context of the circumstances prevailing at the time and will not be updated to reflect material developments that may occur after the date of this Document. The information and opinions in this Document are provided as at the date of this Document based on the information and knowledge at the time and are subject to change without notice. None of the Company, any member of the Group, any of their respective affiliates, advisors or representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this Document or its contents or otherwise arising in connection with this Document, or any action taken by you or any of your officers, employees, agents or associates on the basis of the information in this Document.

*“The business has performed well in the first six months of 2017 – we opened 500,000 new customer accounts, continued to have strong receivables growth and launched Amazon as a new retail partner”*

*James Corcoran, CEO*

### Our business

NewDay is a leading UK consumer finance provider, operating within the near-prime and Co-brand sectors of the UK credit card market. We recently launched an Unsecured Personal Loans business. As at 30 June 2017, the Group had over 5.9 million customer accounts in the UK, with receivables of £1.9bn. Our aim is to help our customers be better with credit so that they can enjoy the benefits it provides including financial flexibility and convenience. Our priority is to ensure that our products and services meet our customers' needs.

Customers are at the heart of our Manifesto and our Manifesto is at the heart of our business strategy. As a result, we are committed to being a welcoming, understanding, knowing and rewarding business. That's how we'll build better long term relationships with our customers.



### Trading update

The Group delivered a strong set of results for the six months ended 30 June 2017, with the following key highlights:

- During the six months ended 30 June 2017 we opened 500,000 new customer accounts (Own-brand: 190,000, Co-brand: 309,000 and Unsecured Personal Loans: 1,000);
- Continued growth in customer receivables, with a 23% increase since 30 June 2016. This was driven by 30% growth in our Own-brand business, with closing receivables of £1.2bn, coupled with 12% growth in our Co-brand business, with closing receivables for Co-brand business of £0.7bn;

- Adjusted EBITDA for the six months ended 30 June 2017 was £54.3m compared to £46.5m in the six month period to 30 June 2016, representing an improvement of 17%. This improvement reflects the growth in both the Own-brand and Co-brand portfolios coupled with proportionately lower cost growth driven by our commitment to an efficient operating model;
- The successful launch of the Amazon Platinum credit card in January 2017, in association with one of the world's leading online retailers. We have seen promising account volumes in the period since the launch.

### Regulatory developments

NewDay is fully authorised by the Financial Conduct Authority to carry out consumer credit activities in the UK.

On 2 March 2017, the FCA published its policy statement 'PS17/3: Payment protection insurance complaints: feedback on CP16/20 and final rules and guidance', which includes a deadline of 29 August 2019 for consumers to register complaints in relation to mis-sold Payment Protection Insurance (PPI). The Group holds a provision for PPI which captures the current best estimate of settling remaining customer redress amounts and the associated costs of processing these claims, and believes that this provision is adequate to capture all remaining redress.

On 3 April 2017, the FCA published its most recent consultation paper on the Credit Card Market Study, 'CP17/10: Consultation on persistent debt and earlier intervention remedies'. The FCA's Credit Card Market Study has found that the credit card market works well for most UK consumers, but that some outcomes could be improved through coordinated industry changes. The majority of the findings are now agreed and we are now in implementation mode for the three notification remedies that we expect will have no material impact on the business. CP17/20 is a consultation on persistent credit card debt and NewDay continues to engage closely with the UK Cards Association to develop industry-led remedy proposals in support of the FCA's objectives.

### Acquisition of the NewDay Group

NewDay Group (Jersey) Limited, an entity incorporated on 26 September 2016, acquired NewDay Group Holdings S.à r.l. on 26 January 2017. As part of the acquisition, the Group issued £425m senior secured notes. Cinven and CVC, as ultimate owners, each hold impressive track records of investing across a broad range of industries and in growing financial services businesses.

The transition to new ownership has been successful with long-term strategic priorities agreed to drive further growth.

## Our Board

The Board comprises:

- Sir Malcolm Williamson as Chairman and Independent Non-Executive Director;
- Alison Reed as Senior Independent Non-Executive Director;
- Rupert Keely as Independent Non-Executive Director;
- Caspar Berendsen, Rory Neeson and David Giroflier, who were appointed by Cinven as Investor Directors;
- Peter Rutland, Pev Hooper and Arron Wu, who were appointed by CVC as Investor Directors; and
- James Corcoran and Paul Sheriff as Executive Directors.

The biographies of each current member of the Board can be found on our website at [www.newday.co.uk/about-us/leadership/board-of-directors/](http://www.newday.co.uk/about-us/leadership/board-of-directors/).

The Board determines NewDay's strategy in the UK and oversees its implementation by the Executive Team. It is responsible for creating a foundation for growth and attractive shareholder returns, striking an appropriate balance between risk and reward while maintaining a focus on positive customer outcomes.

## Our colleagues

The Group is committed to ensuring its working environment is one in which employees feel valued and respected. We operate an equal opportunities policy and oppose all forms of discrimination; we believe employees, prospective employees, partners, suppliers and customers should be treated fairly regardless of race, sexual orientation, disability, or any personal characteristics.

We are committed to encouraging the recruitment, training, career development and promotion of disabled persons, having regard to their particular aptitudes and abilities, and to retain and retrain colleagues who become disabled while in our employment.

We support the provision of a living wage and are focused on developing our employees so that they reach their full potential.

Our bi-annual, externally managed employee surveys consistently demonstrate high levels of employee engagement. The Group employs over 850 staff across our London and Leeds sites. We are pleased to have moved into a new London office in June.

## Environment

We are a consumer finance provider and therefore our overall environment impact is considered to be low. However, we recognise the importance of minimising the impact our business has on the environment, which is predominantly related to environmental issues such as resource use and business travel.

As part of our digital strategy, wherever possible, we try to reduce our paper usage throughout our operations. Recycling is strongly encouraged across both our Leeds and London sites.

In June 2017, our London colleagues moved into new corporate headquarters in King's Cross. Our new premises comply with BREEAM and SKA environmental assessments and are likely to conclude the final build/fit-out BREEAM assessment with an "Excellent" rating. Both of these schemes encourage energy and water reduction, focus on sustainable material selection, providing a healthy workplace, providing waste management strategies and reducing pollution.

## Human rights

The Group respects all human rights. All aspects of our operations and, where material, our policies are guided by the Human Rights Act 1998 and the International Labour Organization's core standards. We are fully committed to supporting human rights through our compliance with all relevant laws and regulations.

We recently published our Modern Slavery and Human Trafficking Statement, available at [www.newday.co.uk/sustainability/modern-slavery-and-human-trafficking-statement/](http://www.newday.co.uk/sustainability/modern-slavery-and-human-trafficking-statement/), which explains the steps we have taken as a business to ensure that slavery and human trafficking is not taking place within our organisation or within our supply chain.

## Charitable contribution

We are committed to supporting the community and contribute to a number of registered charities that provide financial advice and serve local communities across the UK. We regularly donate to charities providing debt advice and counselling in the UK, as well as to our charity partner, Family Action, who provide practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation.

As part of the financial services sector, we acknowledge that we have a role to play in supporting the healthy functioning of the UK financial system and that how we do business is critically important. We recognise that we have a responsibility to all of our stakeholders including our customers, colleagues and shareholders, as well as to our communities and society in general. We take this responsibility very seriously.