

# SECTOR SNAPSHOT – 2022

## DEBT COLLECTION



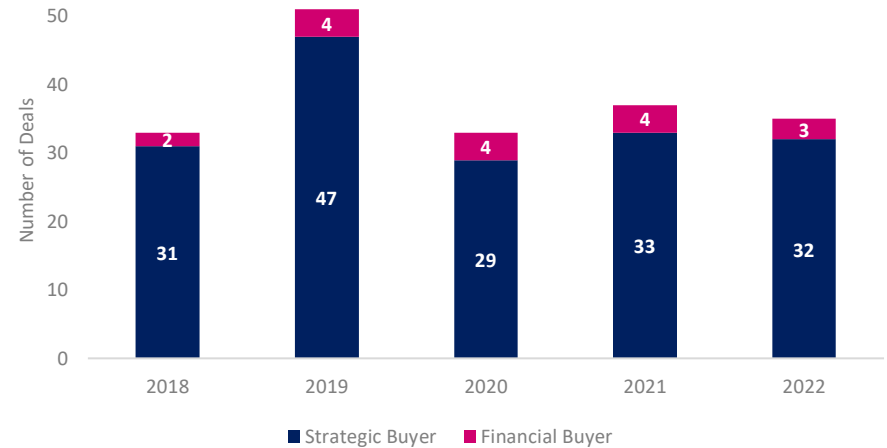
**Gary Ecob**  
Partner



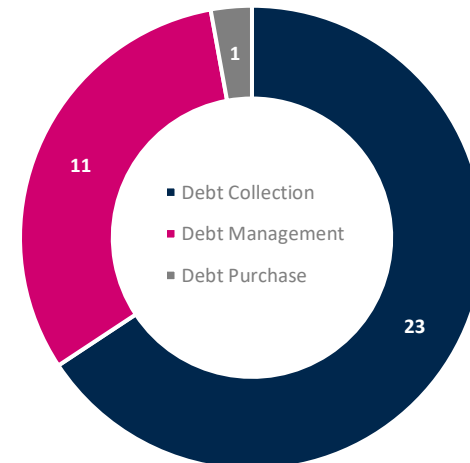
**Nick Wall**  
Associate  
Director

- M&A deal volumes in 2022 were similar to the volumes seen in 2020 and 2021, with 35 deals completed worldwide compared to 37 and 33 in 2021 and 2020, respectively. Despite volumes being lower than in 2019 the steady level of M&A shows there continues to be an incentive to consolidate within the sector.
- The UK Debt Collection market is expected to grow at a CAGR of 3.5% from 2023 to 2028 due to a number of key drivers. The levels of both business lending and household debt have risen and are expected to continue growing in the immediate future.
- The market has continued to see consolidation as both large corporates and smaller enterprises use M&A to access large debt portfolios and diversify their service offering into specialist areas.
- Private Equity firms continue to be active in this space, with a focus on tech-enabled process driven businesses, or stable platform businesses where the client base and service offering can be bolstered quickly through bolt on acquisitions.
- Throughout 2022 M&A activity within the Debt Collection and Debt Management sectors has been healthy with 23 and 11 transactions completed in each subsector, respectively.
- Cross-border activity in the sector remains strong with 33 of the 35 deals involving either an overseas buyer or target. In total 6 of the deals involved a UK based target.
- Arrow Global has been particularly active in the sector, acquiring a stake in Maslow Capital, a provider of UK real estate development finance, as well as selling its Capquest and Mars platforms to Intrum. Arrow Global was listed on the London Stock Exchange until it was acquired by TDR Capital in 2021.
- Orbis expect M&A activity to remain at a similar level in 2023, driven by the appetite of smaller businesses and larger corporates to grow customer bases and service offerings through acquisition.

### 2022 M&A VOLUMES



### 2022 M&A BY SUBSECTOR



# KEY TRANSACTIONS – 2022

## TRADE & PE BUYERS

### TRADE

**Lowell**

Have acquired

**HoistFinance**

For £370m

Debt Management

**ARROW**  
GLOBAL

Have acquired a minority stake in

**MASLOW**  
CAPITAL

For undisclosed value

Debt Management

**engage**

Have acquired

**GROSVENOR**  
SERVICES GROUP LTD

For undisclosed value

Debt Collection

**completeRECOVERY**

Have acquired

**WAYPOINT**  
RESOURCE GROUP

For undisclosed value

Debt Collection

**intrum**

Have acquired

**capquest**

**Mars**  
CAPITAL

From

**ARROW**  
GLOBAL

For £36.5m

Debt Management

**intrum**

Have acquired the debt management platform from

**SecureTrust**  
Bank

For undisclosed value

Debt Management

**BROADRIVER**  
GROUP

Was sold to

**Employee**  
**Ownership Trust**

For undisclosed value

Debt Collection

**nuveen**  
A TIAA Company

Have acquired

**Arcmont**  
ASSET MANAGEMENT

For undisclosed value

Debt Management

**ecit**

Have acquired

**Argus Kreditt**  
Læs mer – kostar mindre

For undisclosed value

Debt Collection

**POLLEN**  
STREET

Have acquired

**PAIR**  
Finance

For undisclosed value

Debt Collection

### PRIVATE EQUITY

### Notable deals in 2022

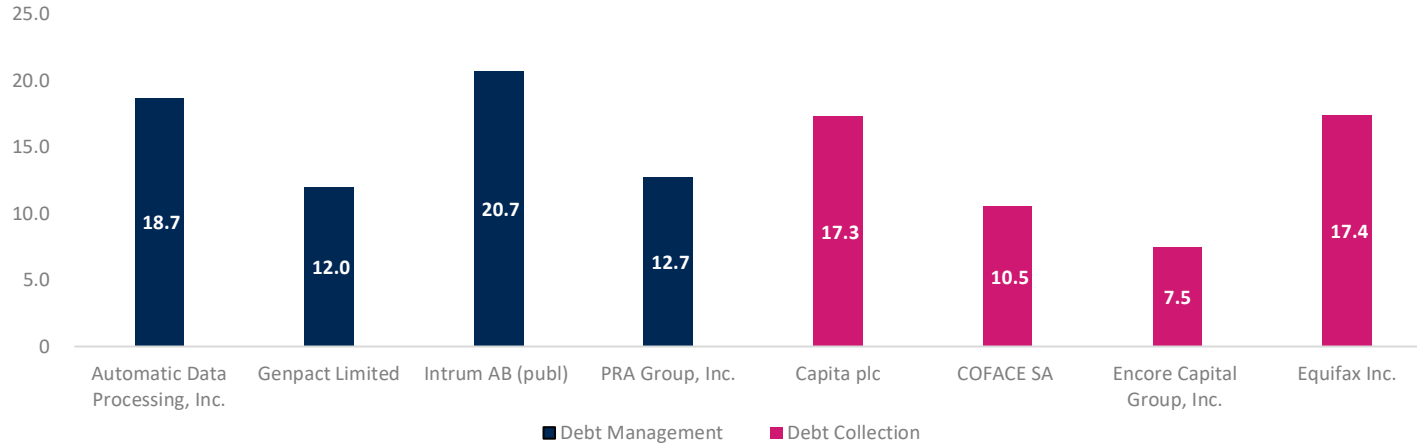
- Lowell, one of Europe's largest credit management companies, has completed the acquisition of Hoist Finance UK for £370m following regulatory approval. The acquisition includes the operations of Hoist Finance UK and its unsecured non-performing loan portfolio. The acquisition has helped Lowell to expand its customer base and aligns with their growth plans to move into financial services.
- Arrow Global Group, a leading European Investor and alternative asset manager in credit and real estate, has acquired a minority stake in Maslow Capital, a leading provider of UK real estate development finance. This partnership will aim to increase Maslow Capital's funding capabilities, products and geographic reach.
- Engage Services Limited, a provider of technology-driven field services in the UK and Ireland, has acquired Grosvenor Services Group Ltd (GSG) from Echo Managed Services. GSG provides debt collection, debt recovery and debtor tracing services. Engage Services forms part of Marston Holdings, a leading provider of technology enabled solutions in management and recovery.
- Complete Recovery Corporation, a leading telecommunications asset recovery service provider based in Salt Lake City Utah, has completed the takeover of Waypoint Resource Group. Waypoint is a provider of accounts receivables management services with clients in the telecommunications, healthcare and automotive lending sectors.
- Credit management services company, Intrum, has agreed a deal to acquire the Capquest and Mars platforms from Arrow Global for £36.5m. The acquisition also includes a £121.25m investment for 50% of Arrow Global's UK back book consumer portfolios. The acquisition marks a significant step in Intrum's growth plans having expanded in third-party servicing over the past few years.
- Earlier in the year Intrum also agreed to purchase the entire loan portfolio from Debt Managers Services, a subsidiary of Secure Trust Bank Group. The Portfolio comprises c.650,000 accounts which Intrum will service once migrated from DMS.
- Pollen Street Capital Limited acquired a 60% stake in PAIR Finance GmbH from FinLeap GmbH. PAIR Finance is a high-growth, digital first collections platform offering debt collection technology based on artificial intelligence and behavioural research. PAIR has 200 employees and an annual turnover of c.€30 million.

# VALUATION MULTIPLES

## DEBT COLLECTION

“Despite a challenge macroeconomic environment, plc valuation metrics within the debt collection sector remain strong, buoyed by increases in activity volumes across the sector”

LTM EV/EBITDA multiples for listed businesses



### Plc Valuation Summary

- The Enterprise Value to EBITDA multiples below are the average across our index of listed business:

#### Debt Management



#### Debt Collection



#### Debt Purchase



Assume circa 50% private company discount for non-listed businesses

### Private Transaction Summary

- The Enterprise Value to EBITDA multiple ranges below are based on disclosed deal multiples:

#### Debt Management



#### Debt Collection



#### Debt Purchase



Tech Enabled Businesses can achieve higher multiples

## ORBIS PARTNERS ADVISED BROADRIVER GROUP ON ITS SALE TO AN EMPLOYEE OWNED TRUST

### Orbis advised Broadriver Group on its disposal to an Employee Ownership Trust and raised finance from Virgin Money

- The Broadriver Group (“Broadriver”) is made up of 3 trading businesses; Controlaccount Ltd, Sinclair Taylor Management and Datatrace Consumer Services.
- As a Group, Broadriver provides a blue chip client base with innovative back office outsourced solutions including Commercial Debt Collection, Cash Management Solutions, Tracing, Intelligence Reporting Services and Property Sector Debt Solutions.
- Orbis have been working with the Broadriver shareholders on their succession plans for a number of years. Ultimately the shareholders decided to sell their shares to an Employee Ownership Trust to maintain stability for the Group while encouraging employee engagement, retention and motivation.
- As part of the transaction Orbis sourced finance offers from a number of debt providers, before working closely with Virgin Money to provide cashflow lending facilities.

### Our Role

- Orbis worked closely with the shareholders of Broadriver on their succession plans. Specifically:
  - Conducted a valuation of the Group providing the basis of the EOT transaction.
  - Identified potential funders who would be interested in the opportunity.
  - Spent time with the shareholders to understand the unique selling points of the business and presented these to the potential funders.
  - Prepared detailed monthly financial forecasts for a three-year period, incorporating an integrated profit and loss, balance sheet and cash flow, discussing, challenging and agreeing forecast growth assumptions with Broadriver management.
  - Managed the preparation and flow of information throughout the diligence process.
  - Introduced Broadriver shareholders to tax and legal advisers with a wealth of Employee Ownership Trust transaction and fundraising experience.
  - Worked alongside the tax and legal advisors to ensure both transactions were structured and completed properly and in the most tax efficient manner.
  - Ensured effective liaison and communication between both parties and all advisors throughout the deal process to deliver a successful outcome.
  - Negotiated key commercial aspects of the bank Facility Agreement to ensure the successful completion of the deal.
  - Overall project management through to a successful conclusion.



*Advisor to Broadriver Group*

*“The team at Orbis have worked tirelessly for the Group throughout the whole of the project and achieved an excellent final result with little deviation from the original brief.”*

**– David Harvey, Group MD Broadriver Group**

Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

## ORBIS PARTNERS: SERVICES

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
  - Extensive mid market M&A expertise and experience across the team.
  - International reach – over 20 countries and growing.
  - Over 70% of all sale mandates involve an overseas party.
- Acquisition Support**
  - Research and origination - internal research team and tools.
  - Strategic and financial assessment.
  - Deal management.
- Due Diligence**
  - Experienced and informed advice.
  - Extensive experience within the UK and of international transactions.
  - Partner Led.
- Management Buy Out**
  - Deal leadership and fund raising.
  - Align interests with management team.
  - Co-investors on 15 deals.
- Capital Raising**
  - Supporting existing business to fund development.
  - Supportive investor bringing focus on value creation.
  - Co-investors on 3 deals.
- Business Improvement**
  - Independent advice and planning strategy led by sector insights.
  - Turnaround and profit improvement credentials.
  - Leading the team through uncertainty whilst developing a game plan.

## ORBIS PARTNERS: DEBT COLLECTION CREDENTIALS

 Sold to <b>Employee Ownership Trust</b> For undisclosed value <i>Debt Collection</i>	 Sold to <b>The Management Team</b> For undisclosed value <i>Debt Enforcement</i>	 Sold to <b>SOVEREIGN CAPITAL PARTNERS</b> For undisclosed value <i>Public Sector Debt</i>	 Sold to  For undisclosed value <i>Debt Collection</i>
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Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the business services sector in addition to technology, media and telecoms; industrials; food and consumer and healthcare. Orbis also has an active investment portfolio held through its investment vehicle, Intrinsic Equity. If you are considering your strategic options for enhancing the value of your business or your client's business, please contact either Gary or Nick.



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