ARROW GLOBAL GROUP PLC

Q1 Results

27 May 2015

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Q1 2015 HIGHLIGHTS – FINANCIAL

53.4%

Collections
(Q1 2014: £33.3m)
£51.1m

57.2%

Portfolio purchases
(Q1 2014: £33.2m)
£52.1m

40.7%

Adjusted EBITDA
(Q1 2014: £23.3m)
£32.8m

6.6%

120 Month ERC
(31 December 2014: £1,085.4m)
£1,156.6m
(+71.0% from 31 March 2014: £676.3m)

7.7%

Underlying net income
(Q1 2014: £5.3m)
£5.7m

6.4%

Total purchased loan portfolios
(31 December 2014: £477.5m)
£508.2m
(+71.7% from 31 March 2014: £296.0m)

Building the asset base and franchise to support continued earnings growth

Q1 2015 HIGHLIGHTS

- Reinforced market position in Portugal with strategic origination and servicing partnership and acquisitions
- Acquired debt portfolios with face value of £583.9 million for an aggregate purchase price of £52.1 million
- Circa £80 million of future investment already contracted with £28.8 million of this due in the remainder of 2015
- Significant progress in servicer migration plan with 47% of paying and 64% of non-paying accounts migrated as at the end of Q1 2015
- New customer-centric IT platform live in Capquest, with first set of accounts successfully migrated and operational
- Balance sheet liquidity further strengthened with RCF increased to £140 million

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RECENT PORTUGUESE ANNOUNCEMENT IN LINE WITH ARROW GLOBAL'S STRATEGY

Vision	Europe's Leading Purchaser and Manager of Debt	
Strategy	▶ To protect and enhance Arrow's leading market position and build our track record to date	✓
	▶ Risk adjusted investment return approach alongside balance sheet optimisation	✓
	▶ To maintain Arrow's leading position in data enhancement, analytical insight and supply chain excellence	✓
	▶ To deliver a best-in-class customer experience and to minimise regulatory risk through a cautious approach to product extension	✓
	▶ To pursue diversification through a disciplined approach to geographic expansion and new asset classes	✓

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BENEFITS OF RECENT PORTUGUESE ANNOUNCEMENT

Strengthened market position

- €5.5 billion face value assets under management
- Portuguese 120-month Gross ERC as at 31 March 2015 €362 million - circa 24% of Group ERC

Reinforced business model

- Five year servicing agreement with CarVal
- Capability to service secure and unsecured loans
- Brings revenues from both portfolio returns and capital light income streams

Diversification of origination sources

- Five year origination agreement with CarVal
- Combination with Whitestar and Gesphone provides access to a more diverse range of origination sources (e.g. new vendors, forward flow agreements) and asset classes (e.g. secured assets)
- Additional channels expected to support the achievement of Arrow Global's return targets

Enhanced data capabilities

- Gesphone and Whitestar have circa 15 and 8 years performance history
- Greater customer insight from collections operations expected
- Circa 500,000 owned accounts and increasing match rate

Financially attractive for shareholders

- Attractive purchase price implying an EV/2016 Adjusted EBITDA of 6x
- The combined effect of the acquisitions will be EPS accretive in 2016
- Expected to support further growth in Arrow Global’s EPS going forward

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STRATEGY FOR DIFFERENTIATED ORIGINATION

- **Geographic expansion** into markets with attractive competitive dynamics (49.5% of 2014 organic purchases in mainland Europe)
- **Data advantage** to boost accurate underwriting and strong collections (120-month cash-on-cash multiple in line with target returns)
- **New asset classes** e.g. student loans, second lien and secured
- **Off market bilateral trades** outside auctions (70% in 2014)
- **Asset management proposition** including with credit funds to create walled garden of future purchase opportunities (e.g. Erudio student loans and five year servicing agreement)

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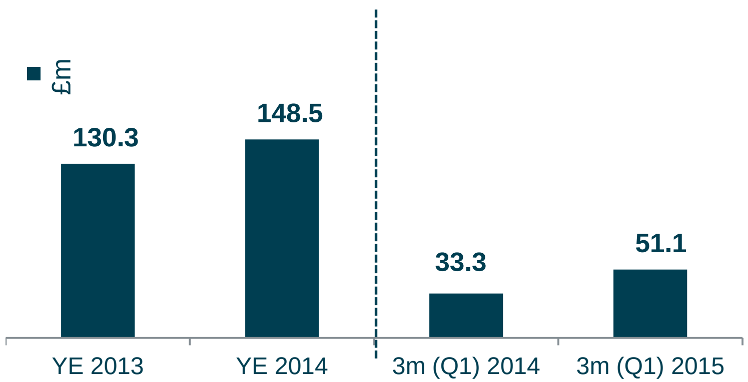
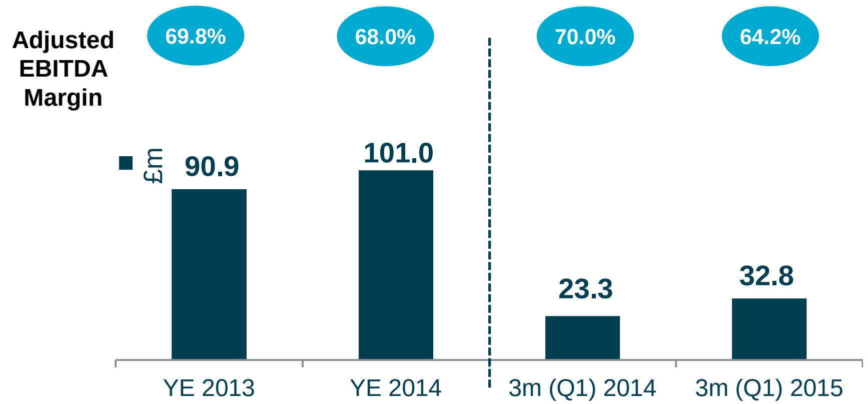
YEAR TO DATE PERFORMANCE: 31 MARCH 2015

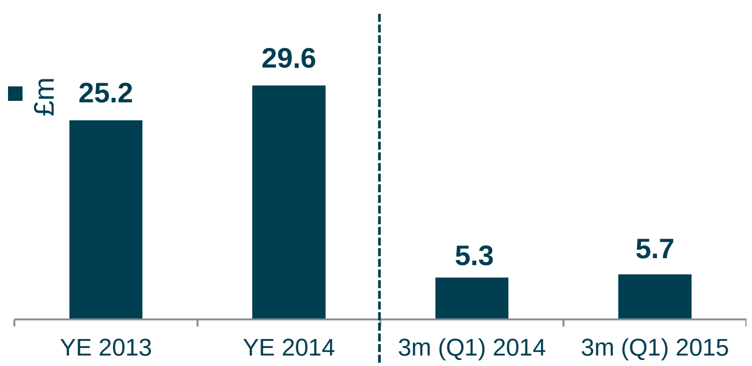
Core Cash Collections (£m)



Adjusted EBITDA (£m)



Underlying net income (£m)

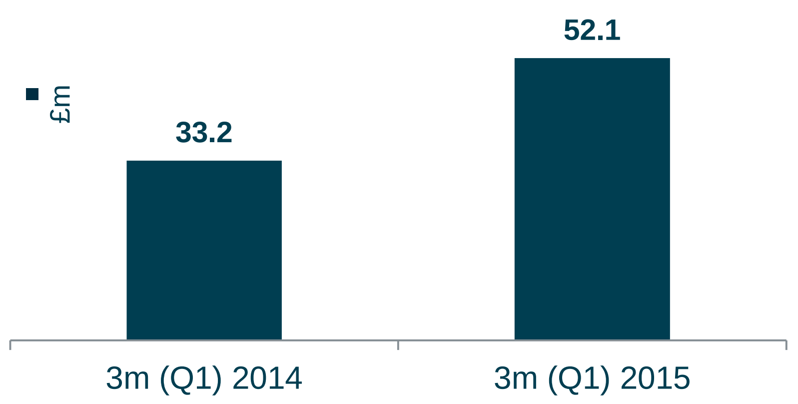


Key Highlights

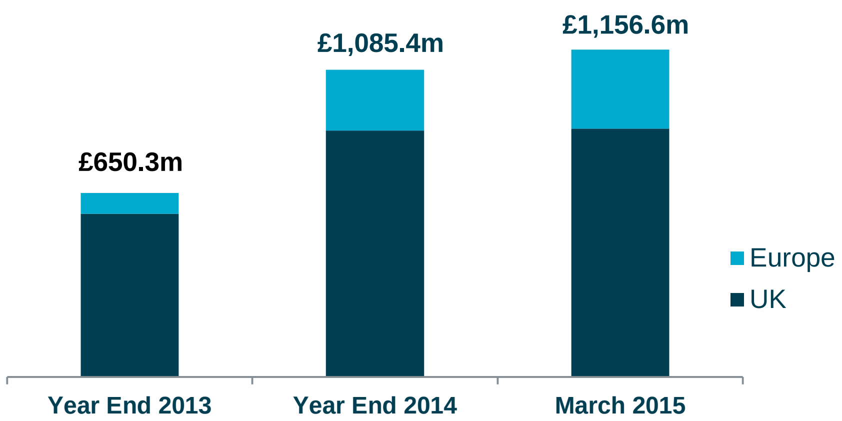
- Capquest back book performing at 102% of underwriting forecast
- Collections in Portugal continue to improve but are still to recover fully following the three month court closure towards the end of last year to allow for an IT system upgrade
- Adjusted EBITDA margin reflects weighted average of Arrow and Capquest, ratio will improve as synergies continue to be delivered

Q1 2015 PURCHASES

Portfolio Purchases [1]



120-Month Gross ERC (£m)



Key Highlights

- As at 31 March 2015, acquired portfolios with a face value of £583.9 million for £52.1 million, with a 120-month gross cash-on-cash multiple in line with target returns
- In Q1 2015 acquired portfolios split 38% UK, 62% mainland Europe (by purchase price)
- 36.5% of the purchase price underpinned by paying accounts
- Of the non-paying accounts circa 47.4% were secured
- Circa 24% of the March 2015 ERC relates to Portugal

1. Purchased loan portfolios represents the purchase price of our purchased loan portfolios excluding related acquisition expenses.

NET DEBT AND LEVERAGE

Indebtedness – as at 31 March 2015 (£m)

Key Metrics	
Cash and Cash Equivalents	(37.4)
Bond	384.6
Accrued Bond Interest	2.2
Deferred Consideration	6.2
Revolving Credit Facility	115.9
Net Debt	471.4
LTM pro-forma adjusted EBITDA (pre-synergies)	130.1
84-Month ERC	957.8
Leverage Metrics	
Pro-forma net Debt / Adjusted EBITDA (pre-synergies)	3.6x
LTV (Net Debt / 84-Month ERC)	49.2%
Cash cover	4.6x

Key Highlights

- Significant headroom on 75% LTV covenant with LTV of 49.2%
- Pro-forma net Debt/Adjusted EBITDA of 3.6x (pre-synergies)
- Cash cover of 4.6x
- Current post interest and tax monthly cash flow of circa £8 million
- RCF increased to £140 million

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OUTLOOK

- European debt purchase markets predicted to grow and banks propensity to sell expected to continue to increase (AQR, IFRS9, Basel III etc.)
- Expect our strong performance and growth to continue, supported by good visibility in our origination pipeline
- Continued focus on strategy for differentiated origination aligned to our risk adjusted investment return approach
- Continued focus on FCA readiness and further embedding our customer-centric culture ahead of Q3 2015 landing slot
- On track to deliver the Capquest synergies and overall full-year results in line with our expectations
- Continued confidence in delivering medium-term ROE in the mid 20’s

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Q&A