ARROW GLOBAL GROUP PLC

Q3 Results

26 November 2015

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Q3 2015 HIGHLIGHTS – FINANCIAL

42.2%

Collections
(Q3 2014: £109.3m)
£155.5m

6.0%

120 Month ERC
(31 December 2014: £1,085.4m)
£1,150.8m
(+37.6% from 30 September 2014: £836.3m)

37.7%

Adjusted EBITDA
(Q3 2014: £75.4m)
£103.9m

Portfolio purchases
(Q3 2014: £122.9m)
£97.1m

16.1%

Underlying net income
(Q3 2014: £20.2m)
£23.5m

10.3%

Total purchased loan portfolios
(31 December 2014: £477.5m)
£526.7m
(+45.2% from 30 September 2014: £362.8m)

Building the asset base and franchise to support continued earnings growth

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Q3 2015 HIGHLIGHTS

- Successful issuance of €110 million E+ 5.25% Senior Secured FRN at par providing cash and RCF headroom of £149.5 million
- FCA application submitted in September as planned and anticipate receiving full authorisation expected in H2 2016
- Capquest continues to outperform our expectations in both collections and synergy efficiencies, we expect an additional £2 million of cost benefits in 2016, which we will re-invest into our UK market proposition
- Continue to gain momentum from Whitestar and Gesphone businesses and accompanying strategic partnership with CarVal announced earlier in the year - have now secured both servicing (H1) and subsequent origination contracts from this agreement
- In December 2015, we will start to migrate the servicing of the Erudio Student Loans portfolio onto our new integrated customer service platform – student loans is a strategic asset class and we expect further servicing and purchase opportunities
- Significant origination success since quarter end, building our investment to date to £133.7 million

Q3 ORIGINATION

- Acquired debt portfolios with a face value of £1,077.0 million for £97.1 million

  By investment value;
  - 51% in the UK
  - 88% purchased off-market
  - 17% underpinned by secured assets

- Portfolio purchases continue to build a balanced vintage in line with our target returns

- As at 30 September 2015, the total face value of acquired purchased loan portfolios was £13.8 billion (31 December 2014: £12.7 billion) across 8.5 million customer accounts

- Continue to enhance our servicing capabilities delivering £9.2m revenue year to date, we expect servicing revenues to be circa 15% of Group revenue in 2016

RECENT DEVELOPMENTS

Holland

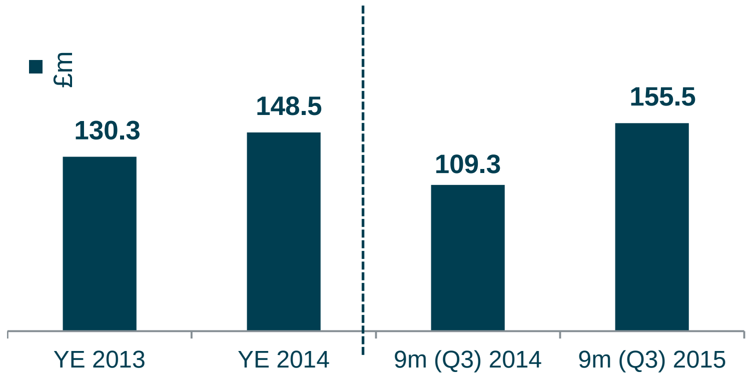
- In November 2015, acquired Dutch portfolio with a face value of circa €173 million
- Consumer finance portfolio consisting of mainly unsecured, paying and non-paying accounts at various stages of the recoveries cycle with an average balance of €4.5k
- Portfolio is expected to provide significant levels of data
- Netherlands is an established market with regular portfolio sales by second tier banks and credit institutions, and we have an active pipeline

Portugal

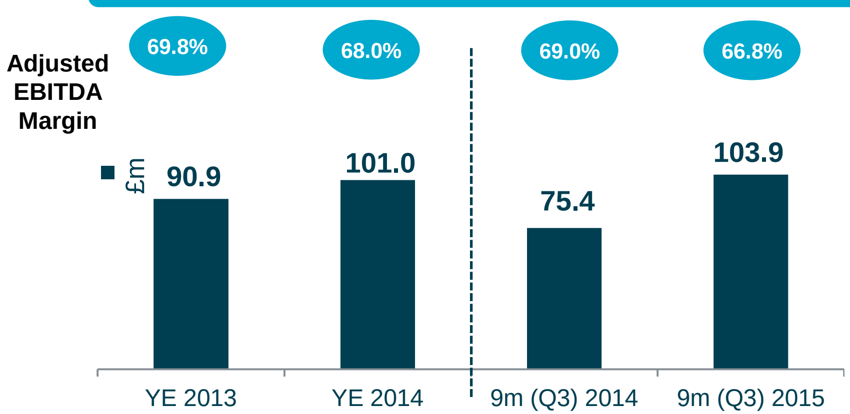
- In November, we completed a number of portfolio investments in Portugal as part of our on going strategic partnership with CarVal Investors, these investments give a strong underpin to Whitestar 2016 revenues
- We have secured a further servicing contract which brings total assets under management of circa €6 billion

YEAR TO DATE PERFORMANCE: 30 SEPTEMBER 2015

Core Cash Collections (£m)



Adjusted EBITDA (£m)

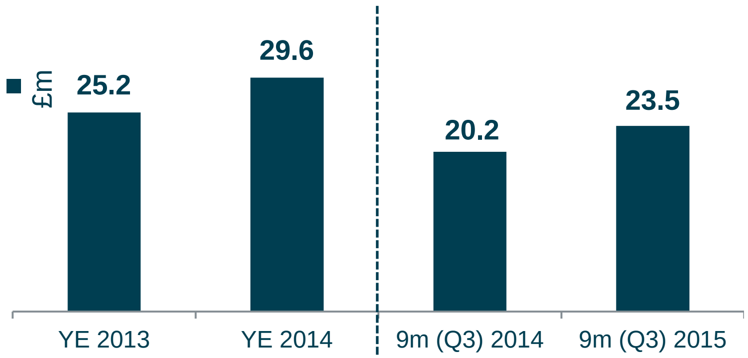


Key Highlights

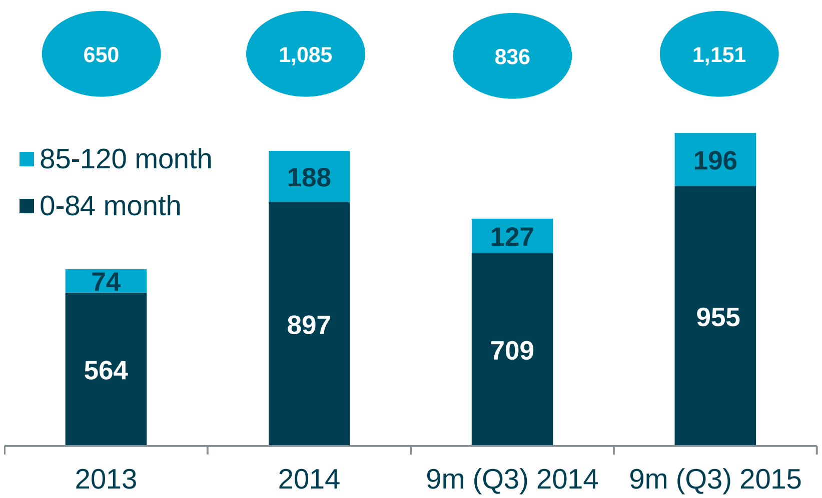
- Core collections increased by 42.2% to £155.5 million (Q3 2014: £109.3 million), reflecting the increase in our portfolio asset base
- Back book continues to perform well at 102% of original underwriting target
- For the period ended 30 September 2015, Adjusted EBITDA increased by £28.5 million (37.7%) to £103.9 million (Q3 2014: £75.4 million)
- Adjusted EBITDA margin of 66.8% improving from 65.3% at H1 2015 driven by the Capquest synergies and increasing servicing business

YEAR TO DATE PERFORMANCE: 30 SEPTEMBER 2015

Underlying net income (£m)



120-month ERC (£m)



Key Highlights

- Underlying net income has increased by 16.1% year on year
- LTM return on equity 25.7%
- 6.0% increase in 120-month ERC to £1,150.8 million (31 December 2014: £1,085.1 million)
- Replacement rate circa £70 million of purchases required over the next 12 months to maintain current ERC
- Portuguese 120-month Gross ERC circa 24% of Group ERC
- The ERC is underpinned by paying accounts that have a face value of £1.6 billion, which represents 1.6x 84-month ERC cover (1.3x 120-month ERC cover)

1. Exchange rate as at December 2014 and September 2015 (TBC)

ACQUISITION UPDATE

- Capquest continues to outperform our expectations
  - Collections are at 103% of our original underwriting forecast
  - Significant progress in delivering synergies, we now expect an additional £2 million of cost benefits in 2016 which we will use to strengthen our UK market proposition
- Following the acquisition of Whitestar and subsequent contract awards, we now service circa €6 billion of assets by face value in Portugal
  - Gesphone being integrated into Whitestar business
  - Account migration from a third party servicer has commenced
- Combined effect of these acquisitions have increased servicing revenue to £9.2 million, we expect this to be circa 15% of revenues in 2016
- Continued delivery of the investment case supports earnings accretion in 2016

NET DEBT AND LEVERAGE

Indebtedness – as at 30 September 2015 (£m)

Key Metrics	
Cash and Cash Equivalents	(28.5)
Bond	468.4
Accrued Bond Interest	2.5
Deferred Consideration	37.8
Revolving Credit Facility	44.0
Net Debt	524.2
LTM pro-forma Adjusted EBITDA (pre-synergies)	138.4
84-Month ERC	954.9
Leverage Metrics	
Pro-forma net Debt / Adjusted EBITDA (pre-synergies)	3.8x
LTV (Net Debt / 84-Month ERC)	54.9%
Cash cover	4.6x

Key Highlights

- Significant headroom on 75% LTV covenant with LTV of 54.9%
- Pro-forma net Debt/Adjusted EBITDA of 3.8x (pre-synergies)
- Cash cover of 4.6x
- Current post interest and tax monthly cash flow of circa £8 million
- As at 30 September 2015, and we had cash and RCF resources of £149.5 million
- Recent Euro bond issuance further evidences our ability to reduce the average cost of debt

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OUTLOOK

- Expect our strong performance and growth to continue, supported by good visibility in our origination pipeline
- Continued focus on strategy of differentiated origination aligned to our risk adjusted investment return approach
- Following the Arrow and Capquest integration work, we have revised our forecasts for annual synergy savings to circa £8.5 million pre tax (previously £6.5 million). The incremental savings will be invested into our UK market proposition
- We remain firmly on track to deliver overall full-year earnings in line with our expectations
- Continued confidence in delivering medium-term ROE in the mid 20's
- Progress with cost savings in Capquest and contract signings in Whitestar together with continued strong origination pipeline provide confidence for 2016 outlook

Q&A