ARROW GLOBAL GROUP PLC

Q1 Results

11 May 2017

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AGENDA

I. Q1 HIGHLIGHTS

Q1 2017 HIGHLIGHTS

- Growth in underlying profit after tax – up 37% to £10.3 million (Q1 2016: £7.6 million)
- Growth in underlying basic earnings per share, increased by 37% to 5.9p (Q1 2016: 4.3p); underlying Return on Equity (ROE) of 30.8% (Q1 2016: 26.2%)
- Growth in revenues: total revenues up 45% to £64.5 million (Q1 2016: £44.5 million), and continued growth in capital-light asset management revenues, which now constitute 24% of total revenues (Q1 2016: 16%)
- Strong Q1 portfolio purchases of £77.4 million (Q1 2016: £49.1 million), with the investment split being: UK 56%; Portugal 17%; Netherlands 22%; and Italy 5%
- Significant progress on funding cost and duration: issued €400 million senior secured notes due 2025, at a coupon rate of E+2.875%, which is a record low rate for financing in our industry. Group's weighted average cost of debt now 4.0% and average debt facility maturity is 6.8 years
- Arrow Global marked its formal entry into Italy. On 28 April 2017, we completed the acquisition of Zenith Service S.p.A., ("Zenith"), giving us immediate scale, presence and market insight. In addition, we completed our first portfolio purchase of unsecured receivables for €4.8 million

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II. Q1 REVIEW

HIGH GROWTH

Market potential

- European banks still needing to divest non-performing loans and non-core assets, as a result of both capital and regulatory reasons
- NPL stock offers €2 trillion+ market opportunity. This equates to approximately €50 billion+ annual sales in Arrow Global's markets

Arrow's strong franchise provides long-term opportunities

- Our clients and customers value our longstanding track record, operational excellence and scale
- Strong portfolio purchases with a face value of £468.2 million for a purchase price of £77.4 million
- 67% from off-market trades

An attractive mix of businesses and diversification improves earnings

- Entry into the active Italian market extends European footprint
- Continued growth in asset management further diversifies revenue stream, and now constitutes 24% of total revenues

A HIGHLY VISIBLE RUNWAY FOR SIGNIFICANT LONG-TERM GROWTH

ENTERED HIGHLY-ACTIVE ITALIAN MARKET

- We completed the acquisition of Zenith on 28 April 2017
- Acquired for an enterprise value of €17 million. It is expected to be earnings neutral after taking into account amortisation of the acquisition intangible assets
- Offers immediate scale, presence and market intelligence
- John Calvao appointed Country Head and responsible for all Arrow Global's operations
- Arrow completed its first portfolio purchase

ZENITH SERVICE S.P.A.

- Zenith was established in 1999 and manages and oversees securitised and non-securitised loan portfolios. Typical clients include Italian and international banks, leasing companies, hedge funds and other financial entities
- Zenith has master servicing agreements of approximately €14.2 billion of assets under management
- On 11 April 2017, Zenith's rating was upgraded by Standard & Poor's to strong, the highest level of ranking as a master servicer in Italy, with a stable outlook

OPERATIONAL & FINANCIAL EXCELLENCE

Operational Excellence

- Progress in Q1 includes investment in IT, people and systems in the UK, Portugal and the Netherlands
- Appointment of new Group CRO, Clodagh Gunnigle (ex Chief Risk Officer, GE Capital UK) together with investments in our risk frameworks and processes, capital allocation and portfolio management capabilities.

Capital-light revenues

- Growth in capital-light asset management revenues from 16% in Q1 2016 to 24% of total revenue in Q1 2017

Funding

- Issued €400 million senior secured notes due 2025, at a coupon rate of E+2.875%, which is a record low rate for financing in our industry
- Group's weighted average cost of debt now 4.0% and average debt facility maturity is 6.8 years

A HIGHLY PREDICTABLE CASH GENERATING BUSINESS, PRUDENTLY FUNDED, DRIVING COMPETITIVE ADVANTAGE

STRONG RETURNS

EPS

- Underlying EPS: Q1 2017 5.9p, up 37% (Q1 2016: 4.3p)

ROE

- Underlying LTM ROE: Q1 2017 30.8% (Q1 2016: 26.2%)

Profit after tax

- Underlying profit after tax of £10.3 million, up 37% from £7.6 million

A sustainably–high return business model, allowing growth and capital distribution

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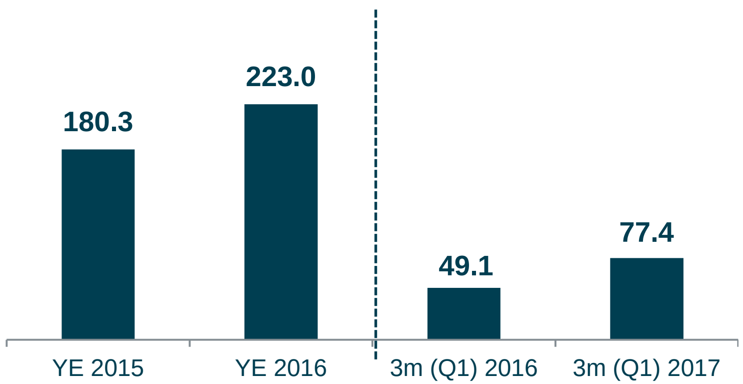
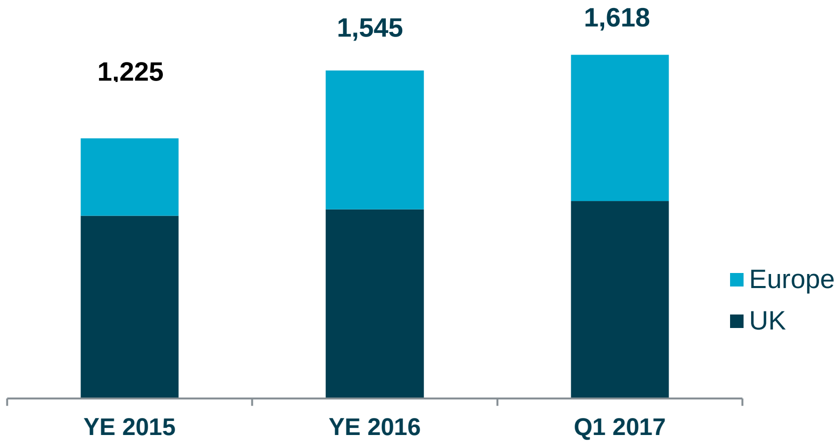
III. Q1 FINANCIAL PERFORMANCE

YEAR TO DATE PERFORMANCE: 31 MARCH 2017

Organic Portfolio Purchases (£m) [1]



120-Month Gross ERC (£m)



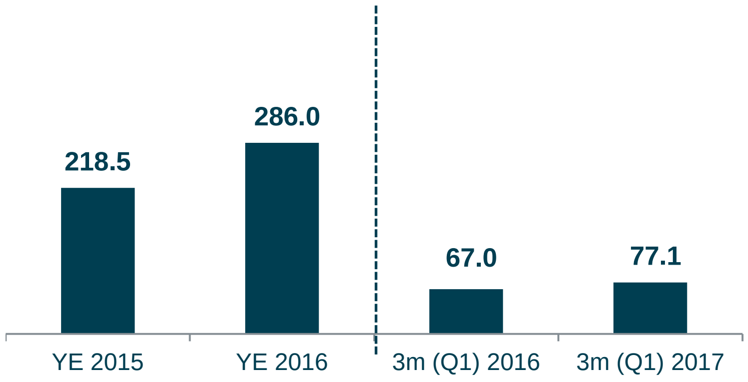
Key Highlights

- As at 31 March 2017, acquired portfolios with a face value of £468.2 million for £77.4 million
- Of the purchase price invested, 17% related to secured portfolios[2]
- Split by geography was: UK 56%, Portugal 17%, Netherlands 22%, Italy 5%
- 67% of trades came from off-market purchases, highlighting the strength of the key relationships we hold in each of our core markets
- Of the portfolios purchased, 72% came from previously serviced accounts
- Country ERC split:
  - UK 57%
  - Portugal 29%
  - Netherlands 13%
  - Italy 1%

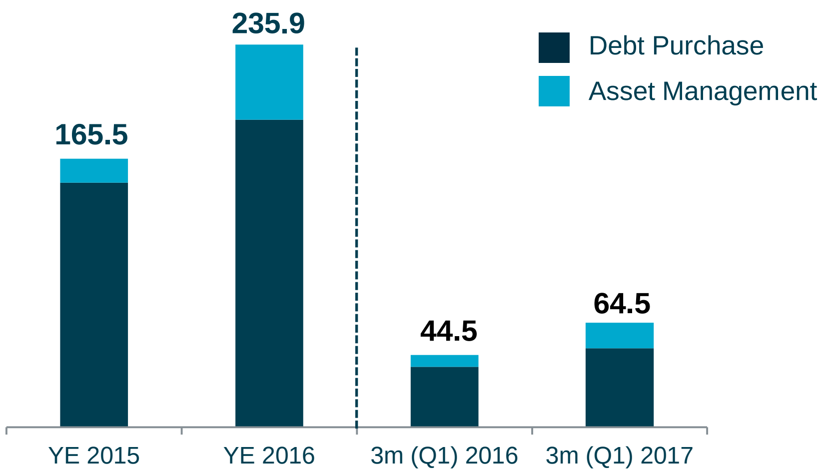
1. *Purchased loan portfolios represents the purchase price of our purchased loan portfolios excluding related acquisition expenses*
2. *By purchase price*

YEAR TO DATE PERFORMANCE: 31 MARCH 2017

Core Cash Collections (£m)



Revenue (£m)

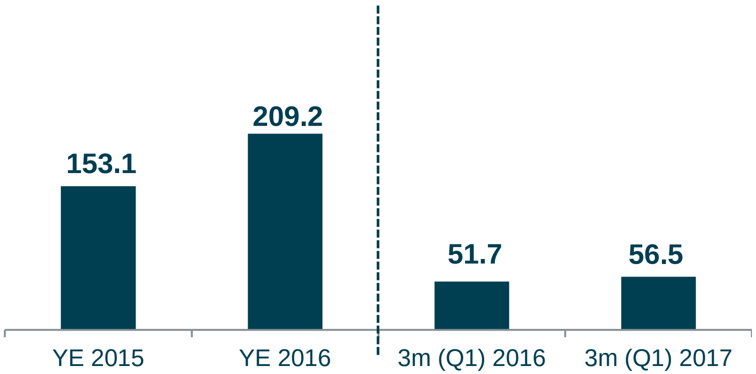


Key Highlights

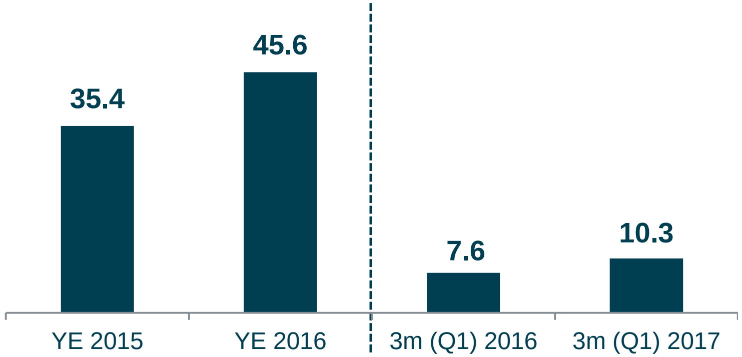
- Core collections growth reflecting increase in portfolio asset base
- Collections in Q1 2017 were in line with our ERC forecast
- Q1 2016 we experienced a high proportion of collections from recently acquired better performing portfolios which drove a higher amortisation rate
- Strong revenue growth underpinned by enhanced asset management revenues – a trend we expect to continue
- Asset management revenue now contributing 24% of total revenue (Q1 2016: 16%)

YEAR TO DATE PERFORMANCE: 31 MARCH 2017

Adjusted EBITDA (£m)



Underlying net income (£m)

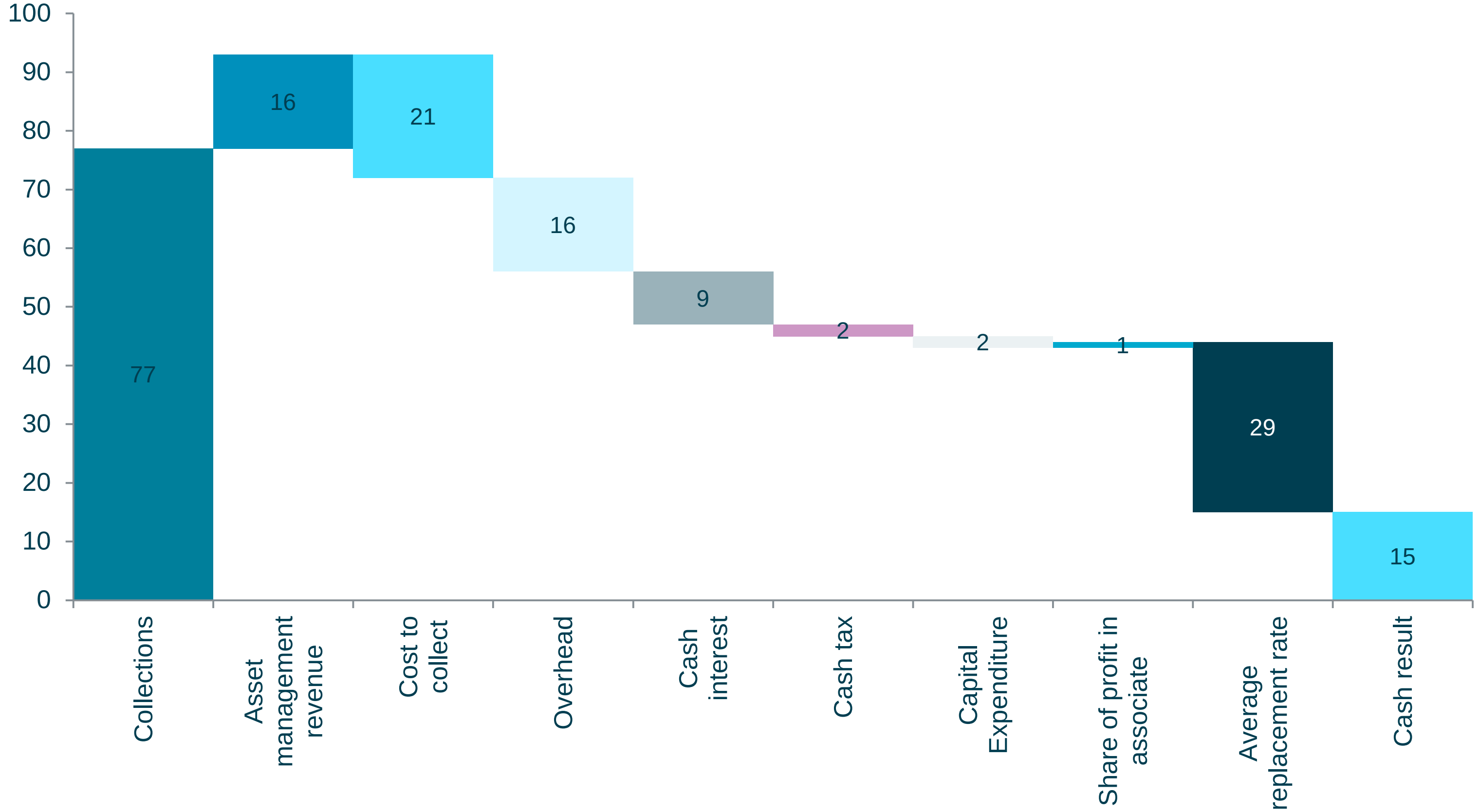


Key Highlights

- For the period ended 31 March 2017, Adjusted EBITDA increased by £4.8 million (9%) to £56.5 million
- Growth in Adjusted EBITDA impacted as expected by:
  - high collections in Q1 2016, where we received a high proportion of collections from recently acquired portfolios with low cost to collect
  - higher cost income ratio reflecting the expansion of the asset management business, the Vesting acquisition and investment in operational excellence
- EPS: Q1 2017 5.9p, up 37% (Q1 2016: 4.3p)
- LTM underlying ROE increased to 30.8% (Q1 2016: 26.2%)
- Underlying profit after tax continues to grow, increasing by 37% to £10.3 million

YEAR TO DATE PERFORMANCE: 31 MARCH 2017

Cash Result (£m)



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NET DEBT KEY CREDIT RATIOS

Indebtedness – as at 31 March 2017 (£m)

Net Debt	879.0
Adjusted LTM EBITDA	214.0
84-Month ERC	1,403.5
Leverage Metrics	
Total Net Debt / LTM Adjusted EBITDA	4.1x
Secured Net Debt / LTM Adjusted EBITDA	3.8x
LTV[1] (Net Debt / 84-Month ERC)	62.3%
Secured LTV[2] (Secured Net Debt / 84-Month ERC)	59.5%
LTM cash interest cover	5.2x

Key Highlights

- Leverage ratio has increased reflecting significant portfolios acquired at the end of the period and payment of the refinancing costs – we expect this ratio to reduce over the year
- Cash interest cover will continue to strengthen reflecting the reduced WACD
- Revolving credit facility increased to £215 million in February 2017 across five banks
- £150 million of cash and RCF available at 31st March 2017
- Significant headroom on 75% LTV covenant with LTV of 62.3%

[1] Excluding debt and estimated remaining collections attributable to non-recourse borrowings
[2] Excluding debt and estimated remaining collections attributable to non-recourse borrowings, accrued interest, amounts drawn under bank overdrafts and deferred consideration.

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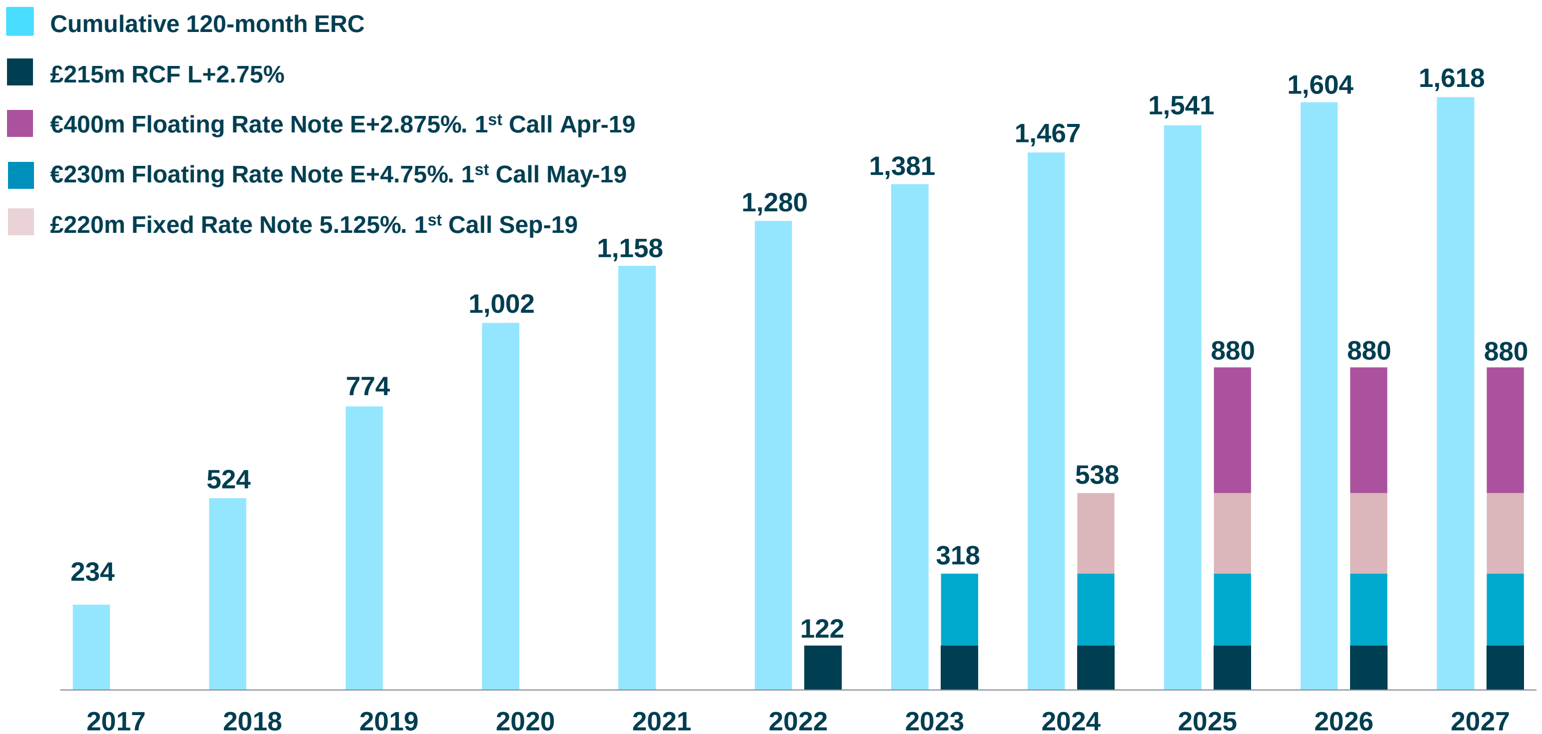
BALANCED CAPITAL STRUCTURE

Debt maturity & 120-month ERC



- Secured Net Debt/LTM Adjusted EBITDA 3.8 times
- Successfully raised €400 million E+2.875% 8-year bond strong demand led to:
  - pricing at tight end of indication and at a record low for our sector
  - upsized issuance by €40m
- Significant ERC coverage of debt maturities
- Continue to reduce cost of debt since IPO
- Weighted average cost of debt reduced to 4.0%
- Weighted average debt duration c. 6.8 years
- No debt maturities until 2022

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IV. 2017 OUTLOOK

OUTLOOK

- We had a strong first quarter for portfolio purchases and our pipeline is robust across our geographical footprint, which leaves us well positioned to invest approximately £200 million in 2017
- We have strong market positions and are a well-funded business with a strong financial profile, which will be supportive of the Group's ability to execute on its growth opportunities
- We continue to maintain a strong financial profile with significant liquidity, which has been further strengthened by the recent bond issuance at a record low coupon for our sector
- We remain confident of our ability to deliver a medium-term underlying ROE percentage in the mid-twenties, high-teen EPS growth and a progressive dividend policy

Q&A