ARROW GLOBAL GROUP PLC

Q1 Results

10 May 2018

AGENDA

Agenda	
I	Highlights
II	Q1 review
III	Q1 financial performance
IV	Outlook
	Q&A

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I. Q1 HIGHLIGHTS

Q1 2018 HIGHLIGHTS

	Q1 2017	Q1 2018	
Portfolio purchases	£77.4m	£79.9m	+3.2%
Revenue	£64.5m	£77.1m	+19.6%
Underlying PAT	£10.3m	£11.4m	+10.3%
Underlying basic EPS	5.9p	6.5p	+10.2%
Underlying LTM ROE	30.8%	33.3%	+2.5ppts

- Strong organic portfolio purchases, surpassing Q1 2017's record volumes – on track to deliver approximately £230.0 - £240.0 million at FY 2018
- Continued revenue growth driven by 19.9% increase in AM income and 11.6% increase in core collections
- 10.2% growth in underlying EPS; underlying LTM ROE of 33.3%
- Strategic partnership announced with M7, enhancing our real estate expertise across Europe
- Continue to maintain strong funding position and robust balance sheet
- Opportunities remain attractive

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II. Q1 REVIEW

HIGH GROWTH

- Differentiated origination model continues to provide portfolio purchase opportunities with high returns
- Capital light asset management revenues increased by 19.9% to £18.9 million – confident in growth towards 30% of Group revenues
- Continued tailwinds for sector

OPERATIONAL EXCELLENCE

- Collections continue to outperform (103% of underwriting forecasts) - underlines strength of data and analytics
- Italian acquisitions providing further depth: Parr Credit integrating well and Europa Investimenti expected to close in H2
- One Arrow programme on track – cost:income benefits predicted from late 2019 onwards

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FINANCIAL EXCELLENCE

- 120-month ERC increased by 14% from Q1 2017, to £1,852.4 million
- 10.7% reduction in financing costs to £10.9 million (Q1 2017: £12.2 million), as benefits of prior refinancing begin to flow through
- Successful refinancing has significantly strengthened the balance sheet - additional funding headroom and extended debt duration (average maturity of 6.6 years)
- Secured net debt to adjusted EBITDA at 4.0x, within guided range

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STRONG RETURNS

- The business continues to generate exceptionally strong returns for shareholders:
  - Underlying PAT increased 10.3% to £11.4 million (Q1 2017: £10.3 million)
  - Underlying basic EPS increased 10.2% to 6.5p (Q1 2017: 5.9p)
  - Underlying LTM ROE increased to 33.3% from 30.8%

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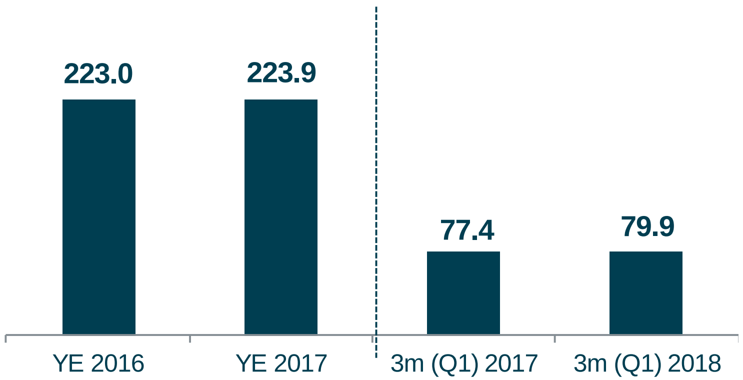
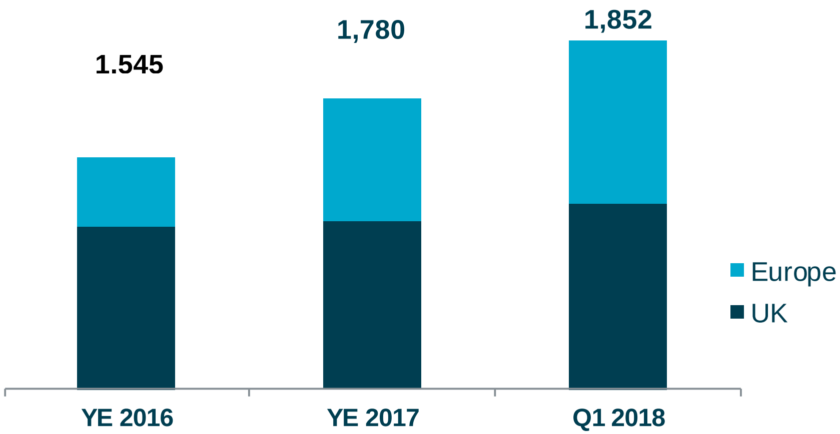
STRONG PORTFOLIO ACQUISITION AND ERC DEVELOPMENT

Organic Portfolio Purchases (£m) [1]



120-Month Gross ERC (£m)



Key Highlights

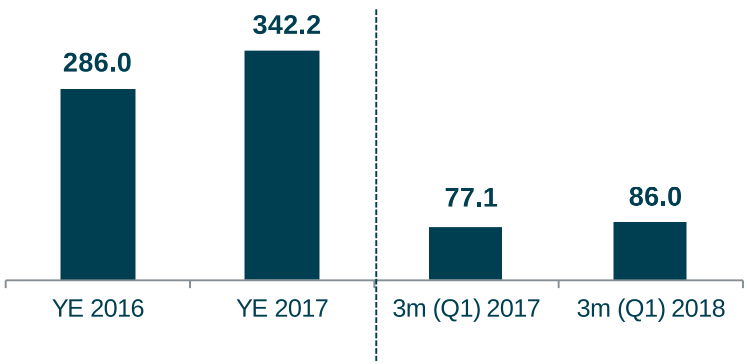
- Good balance by geography: UK 8.8%, Portugal 5.0%, Benelux 41.4.%, Italy 13.0% and Ireland 31.8%
  - Mix expected to rebalance by year end
- A record 80.8% from off-market purchases – continuing trend and highlights strength of origination capabilities and key relationships across geographies
- 11.2% of purchases came from previously serviced accounts
- 71.1% of purchases related to secured portfolios[2]

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

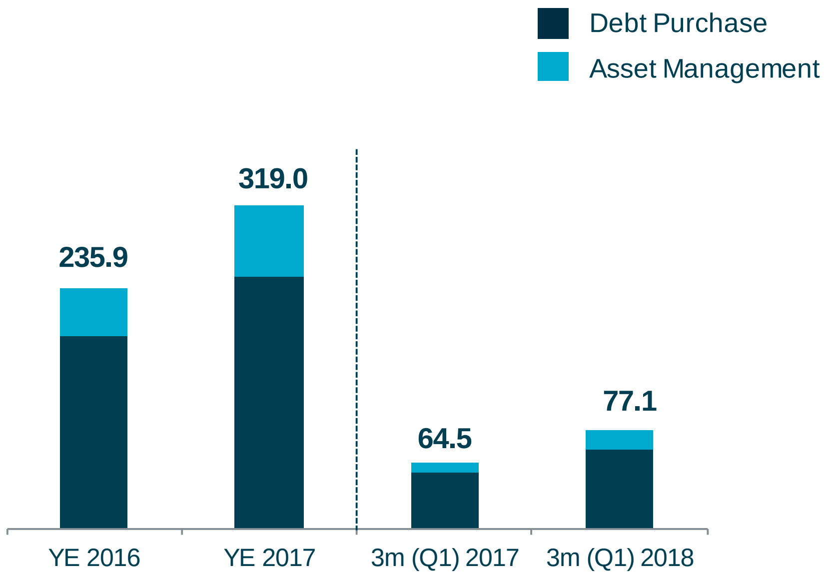
III. Q1 FINANCIAL PERFORMANCE

INCREASE IN CORE COLLECTIONS AND REVENUE

Core Cash Collections (£m)



Revenue (£m)



Key Highlights

- Core collections growth reflecting increase in portfolio asset base
- Collections in Q1 2018 marginally ahead of ERC forecast
- Strong revenue growth underpinned by enhanced asset management revenues – a continuing trend
- Capital light asset management revenues grew by 19.9% to £18.9 million

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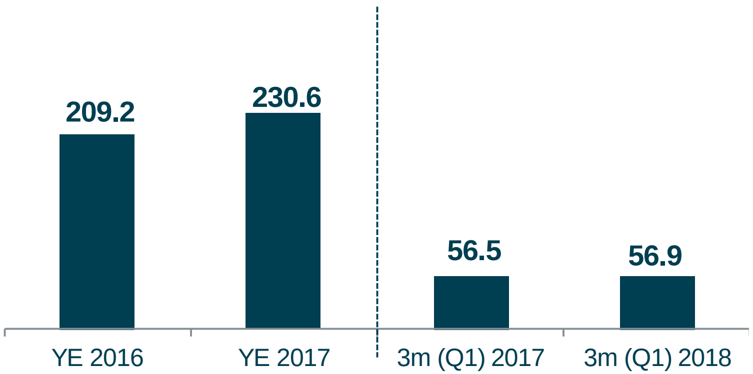
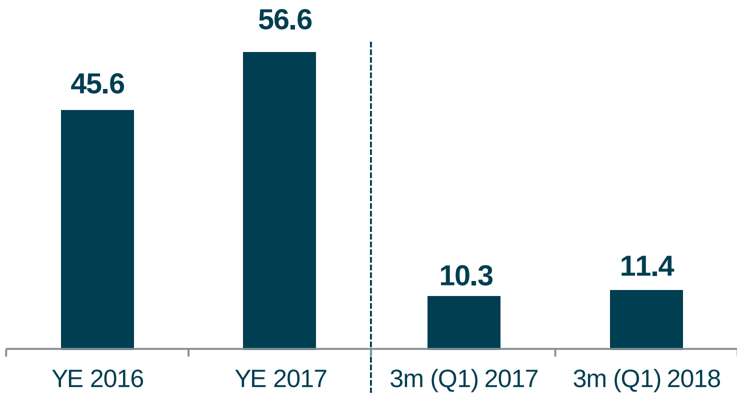
CONTINUED UNDERLYING PAT GROWTH

Adjusted EBITDA (£m)



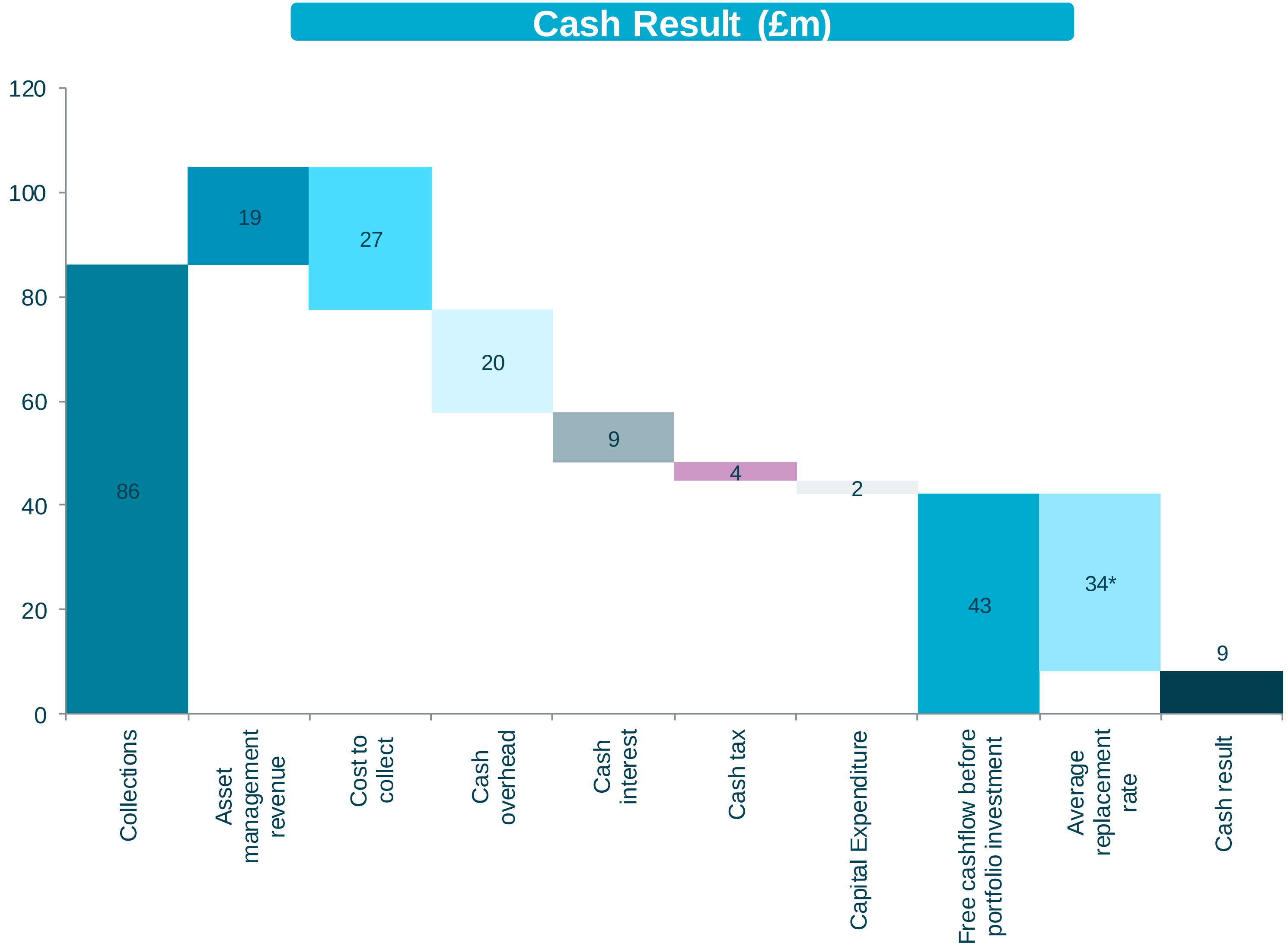
Underlying PAT (£m)



Key Highlights

- Adjusted EBITDA in line with Q1 2017
- One Arrow programme on track to drive future efficiency improvements and sustain growth
- Underlying basic EPS of 6.5p, up 10.2% (Q1 2017: 5.9p)
- Underlying LTM ROE increased to 33.3% (Q1 2017: 30.8%)
- Underlying profit after tax continues to grow, increasing by 10.3% to £11.4 million

STRONG CASH GENERATION



*based on 84 months ERC

NET DEBT & KEY CREDIT RATIOS

Indebtedness – as at 31 March 2018 (£m)

Net Debt	1,018.2
Secured Net Debt[1]	934.0
LTM Adjusted EBITDA	231.1
84-Month ERC	1,562.2
Leverage Metrics	
Secured Net Debt[1] / LTM Adjusted EBITDA	4.0x
Secured LTV[2] (Secured Net Debt / 84-Month ERC)	60.6%
LTM cash interest cover	6.1x

Key Highlights

- Secured Net Debt/ LTM Adjusted EBITDA maintained within policy range
- Strong cash cover at 6.1x – continues to strengthen as full benefits of reduced WACD are realised
- Significant LTV headroom compared to our maintenance covenant of 75%
- £243m of cash and RCF available as at 31 March 2018

[1] Net debt excluding debt attributable to non-recourse borrowings (£17.4m) , accrued interest (£1.1m), amounts drawn under unsecured bank overdrafts (£1.3m), finance lease (£1.8m) and deferred consideration (£62.6m).
[2] Excluding debt (£17.4m) and estimated remaining collections (£21.6m) attributable to non-recourse borrowings, accrued interest (£1.1m), amounts drawn under unsecured bank overdrafts (£1.3m), finance lease (£1.8m) and deferred consideration (£62.6m).

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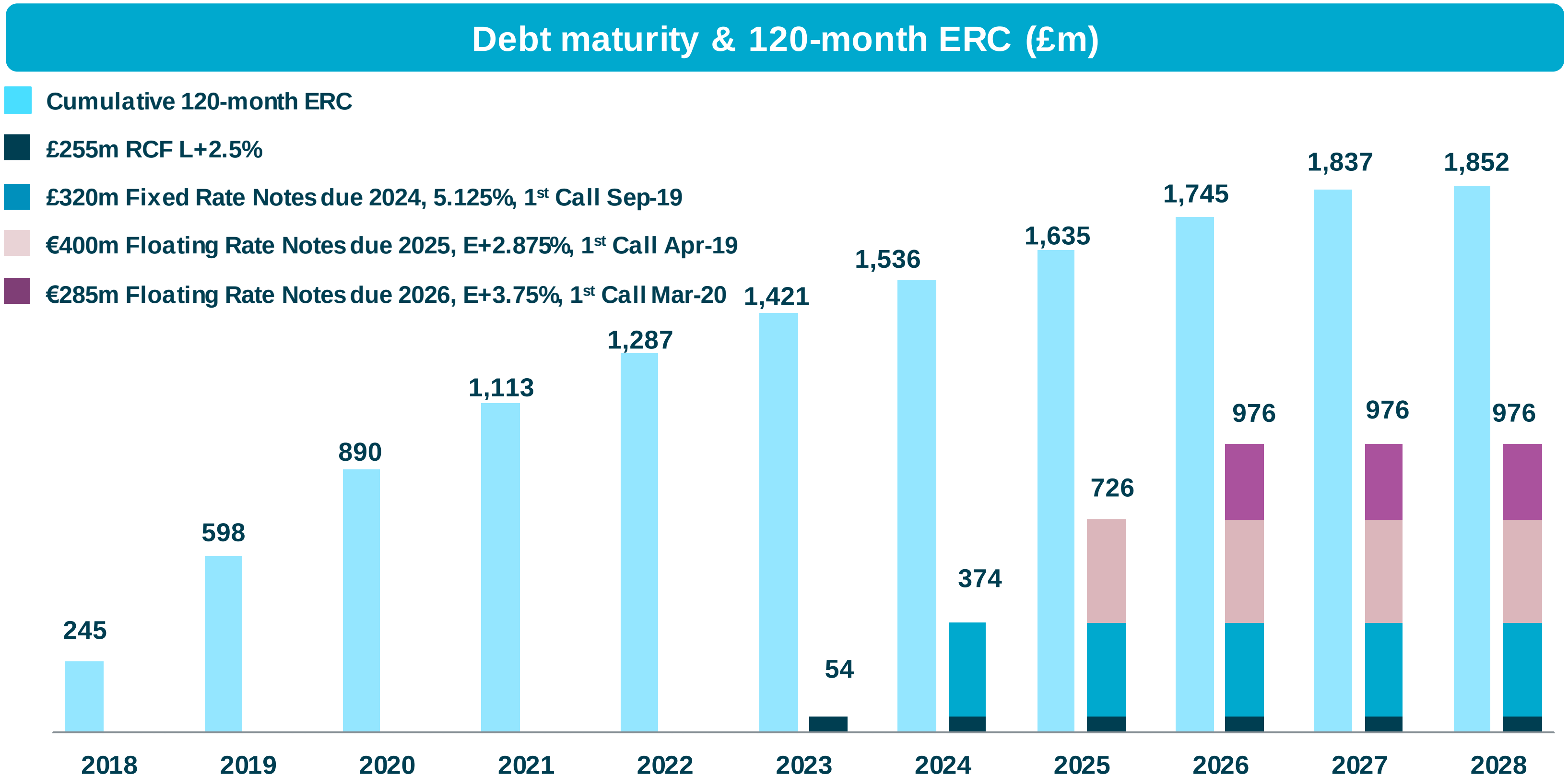
LONG-TERM FUNDING



- Successful refinancing in March 2018 raising:
  - €285 million E + 3.75% eight year bond due 2026
  - £100 million tap of existing 5.125% sterling fixed rate bonds due 2024
- RCF increased to £255 million in January 2018 alongside margin reduction to 250bps and extension to 2023
- Additional financing provides significant liquidity to fund further growth opportunities and recently announced Italian acquisitions

- Significant ERC coverage of debt maturities
- Weighted average cost of debt 4.0%
- Weighted average debt duration extended to 6.6 years
  - Compares favourably to shorter weighted average asset life
- No debt maturities within next five years

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IV. OUTLOOK

Significant opportunities

Market opportunity remains considerable – power of differentiated model	Financial institutions continue to deleverage Purchasing opportunities in the secondary market continue to grow
Continue to see attractive portfolio acquisition opportunities	Investment pipeline remains strong, project circa £230 million - £240 million of purchases this year Pricing remains attractive
Italian opportunity remains significant	Recent acquisitions driving further business opportunities Continue to target high value niches in very large market
Continued growth from capital light asset management	Remain confident in growing revenues and AUM Continuing to deploy third party capital effectively as we build track record in discretionary asset management
Continue to focus on capital markets opportunities	Remain alert to attractive bolt-on acquisitions to reinforce asset management and asset class capabilities
Strong balance sheet	Focused on conservative balance sheet management Long duration funding structure positions us well to capitalise on opportunities

OUTLOOK

Continued confidence in ability to:

- Deliver a medium-term underlying ROE percentage of at least mid-twenties
- Deliver high-teens EPS growth
- Employ a progressive dividend policy

Q&A

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