ARROW GLOBAL GROUP PLC

Q1 Results

9 May, 2019

Agenda

I. Q1 Highlights

II. Q1 Financial Performance

III. Summary

I. Q1 Highlights

Q1 Highlights
Strong cash generation leads to further reduction in leverage

Core cash collections
(31 March 2018: £86.0m)
£105.5m
22.7%

Organic portfolio purchases
(31 March 2018: £79.9m)
£56.4m
29.4%

Profit before tax
(31 March 2018: -£7.6m)
£15.8m

Free cashflow[1]
(31 March 2018: £43.8m)
£57.8m
32.0%

Leverage
(31 March 2018: 4.0x)
3.4x
-0.6x

Underlying PBT
(31 March 2018: £14.2m)
£16.2m
14.1%

Underwriting performance
(31 March 2018: 103%)
104%
+1.0 ppt.

Gross AMS Income
(31 March 2018: -)[2]
£32.1m

Underlying LTM RoE
(31 March 2018: 33.3%)
34.5%
+1.2 ppts.

[1]Adjusted EBITDA after the effects of capital expenditure, financing and tax cash impacts and before the replacement rate
[2]No comparator for Q1 2018 due to relevant disclosure being provided for the first time at the 2018 Interim Results

Key areas of management focus

1	Free cashflow generation	**- Core collections** **- Cost efficiency**
2	Balance sheet discipline	**- Leverage** **- Funding diversification**
3	Capital allocation	**- Investment returns** **- Shareholder returns**
4	Increasing quality of earnings	**- AMS growth** **- Fund management growth**

Business prudently managed to generate predictable cash flows

II. Q1 Financial Performance

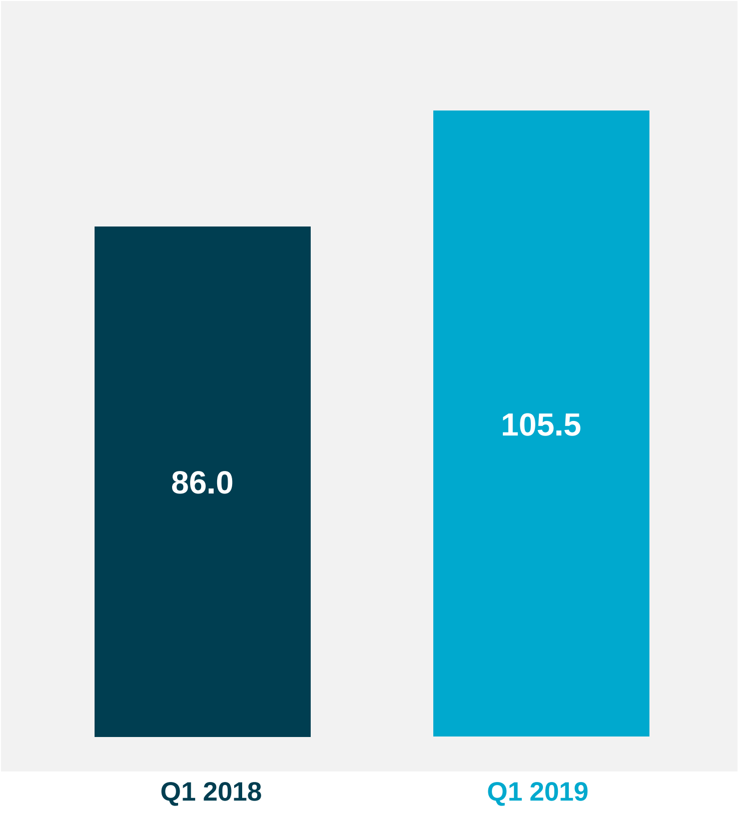
STRONG CASHFLOW DRIVES INCOME GROWTH

	Q1 2018	Q1 2019	
Total cash income *Core collections plus third-party AMS income*	**£104.9m**	**£128.5m**	**+22.5%**
Income from portfolio investments	**£58.3m**	**£63.6m**	+9.1%
Third-party AMS income	**£18.9m**	**£23.0m**	**+21.7%**
Other income	-	£0.1m	
Total income	**£77.1m**	**£86.6m**	**+12.3%**
Collection activity costs	(£27.3m)	(£26.8m)	
Other operating expenses (incl. D&A)	(£24.7m)	(£31.1m)	
Underlying operating profit	**£25.2m**	**£28.8m**	**+14.3%**
Underlying PBT	**£14.2m**	**£16.2m**	**+14.1%**
Underlying PAT before non-controlling interest	**£11.4m**	**£11.8m**	**+3.5%**
Underlying PAT	**£11.4m**	**£11.0m**	**-3.5%**

- **Total cash income** increased by **22.5%** to £128.5m
- Core collections growth continued to be driven by **strong cashflow** from **secured assets**
- **21.7% increase** in third-party AMS revenue
- Collection activity costs **reduced** as **trending towards longer-term CAC** rate as per guidance
- Increase in other operating expenses reflects the **investment and acquisition activity** of the group
  - Cost:income target of towards 60% maintained
  - Further guidance on cost review at H1
- **Underlying PBT** increased by 14.1% to **£16.2m**
- Underlying PAT before NCI **impacted by tax effect** from higher proportion of **non-UK profits**
- Underlying PAT reduced after **impact from NCI**

Increasing core collections and cash generation

Core Cash Collections (£m)



Free cashflow[1] (£m)

Key Highlights

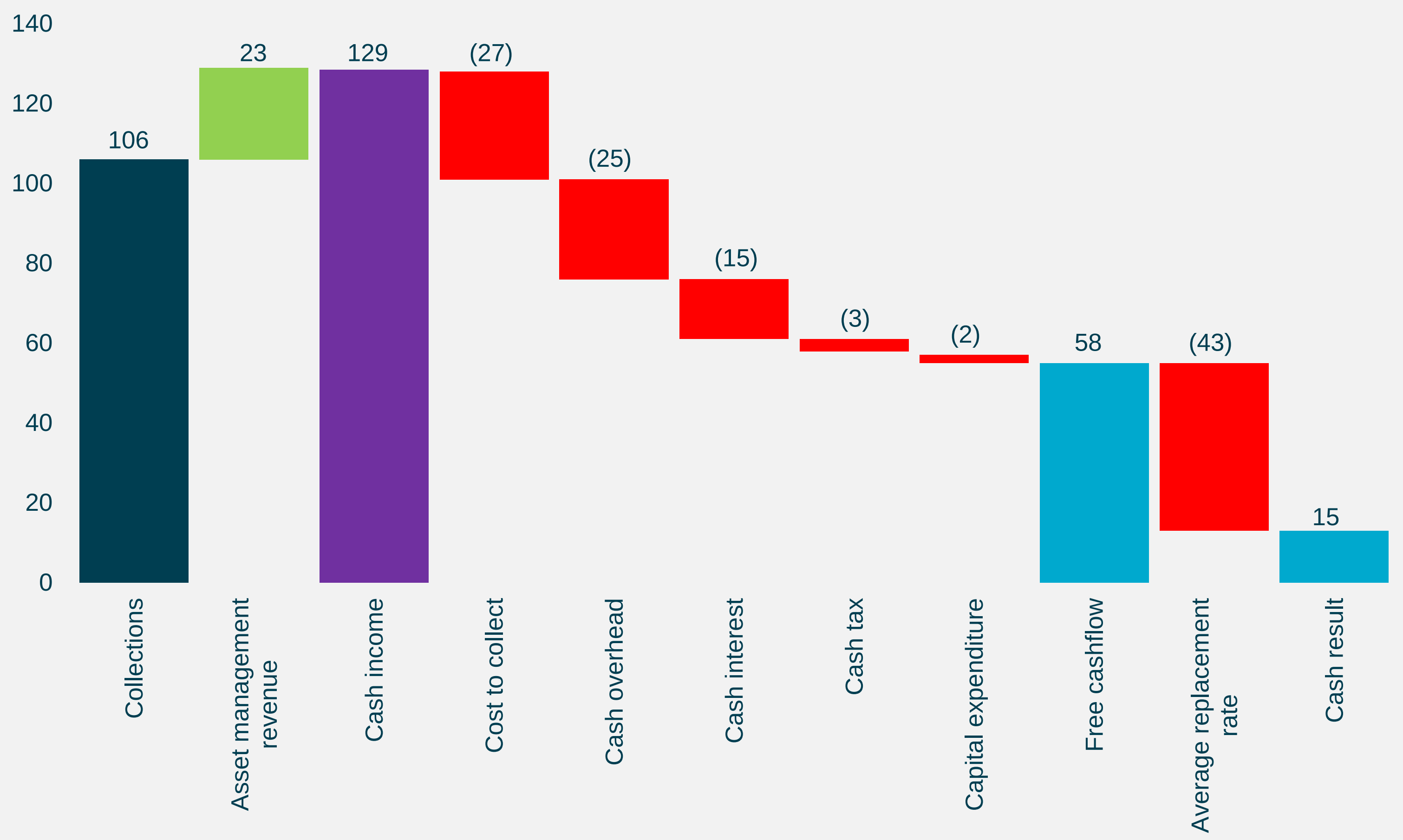
- Core collections grew 22.7% to £105.5m
- Free cashflow increased by 32.0% to £57.8m
- Over £118.0m of cash headroom before ABS funding addition

Strong collections drives high cash generation and provides capital allocation optionality

[1]Means Adjusted EBITDA after the effects of capital expenditure, financing and tax cash impacts and before investment at replacement rate

Strong free cashflow generation

Cash Result (£m)

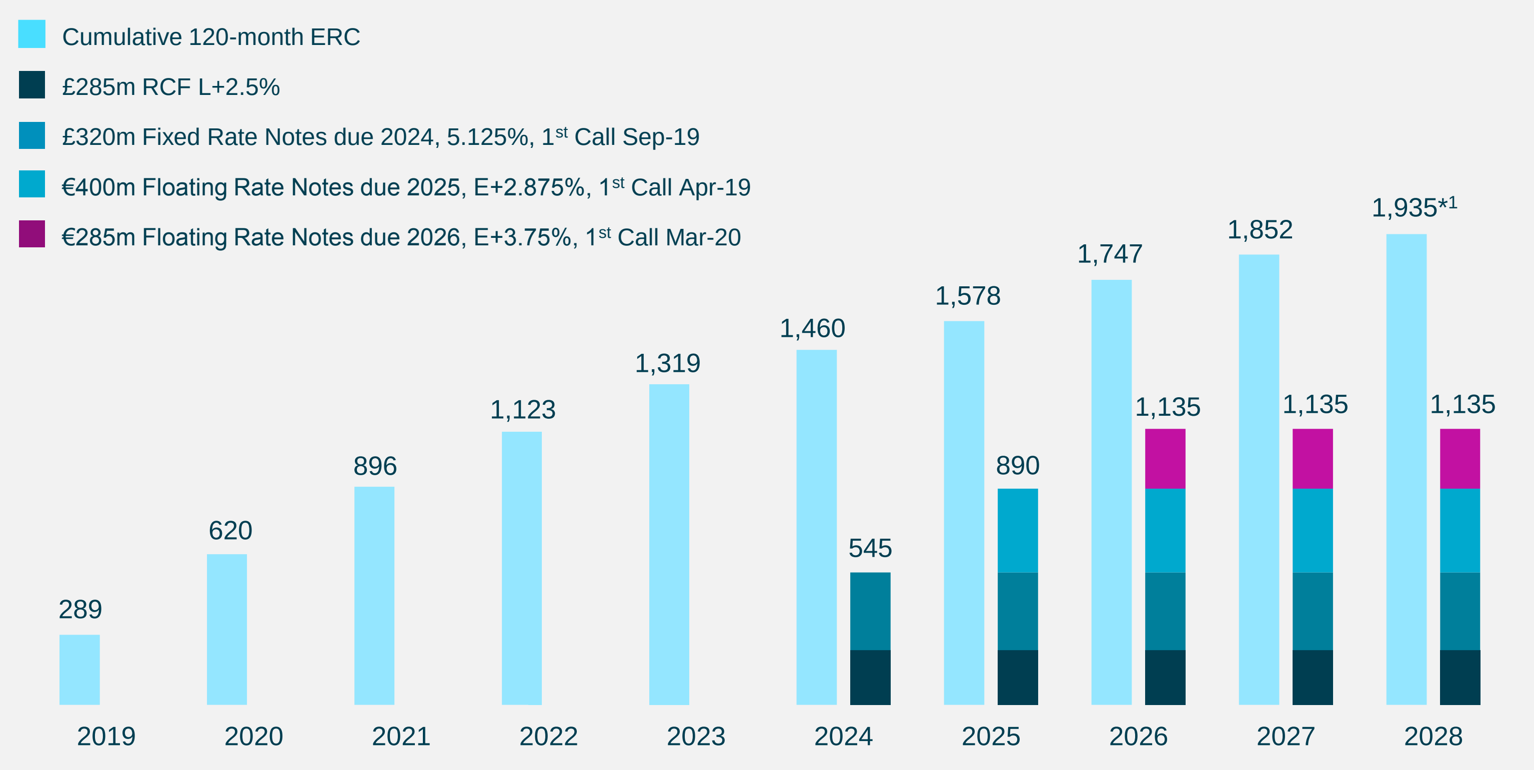


Key Highlights

- Total cash income increased by 22.5% to £128.5m
- Free cashflow increased by 32.0% to £57.8m
- Cash result following investment in portfolio purchases at average replacement rate increased by 61.1% to £14.5m

Long-term funding drives competitive advantage

Debt Maturity & 120-month ERC at Q1 (£m)



*[1] *Includes £16 million collections expected January-March 2029 to reflect 120 months of ERC.*

Key Highlights

- ABS facility has resulted in further **funding diversification**
- No debt maturities **until 2024**
- Significant ERC coverage of debt maturities
- Weighted average debt **duration 5.8 years**
  - Compares favorably to shorter weighted average asset life
- Secured net debt to Adjusted EBITDA reduced to **3.4x** (Q1 2018: 4.0x)
- Strong cash interest cover at 7.0 times

£100m asset backed facility

Overview

- Arrow has entered into a £100m non-recourse asset backed facility, through its wholly owned subsidiary
- Diverse pool of unsecured UK consumer loans have been securitised

Key Benefits

✓ Diversifies sources of funding, providing an alternative to future high yield bond and RCF refinancing

✓ Supplements headroom, providing financial flexibility and firepower to capitalise on investment opportunities

✓ Shareholders and bondholders to benefit from redeployment of proceeds

✓ Maintains low cost of funding and long maturity profile

✓ Substantiates quality of Arrow's existing back-book

Summary Terms

Size	• £100 million
Underlying Assets	• Diverse pool of unsecured UK consumer loans spread across product types, originators and portfolios
Advance Rate	• 55% of 84-month ERC
Margin	• 1-month LIBOR + 3.10%
Term	• 2 years revolving + 3 years amortising • Option to extend revolving period by 1 year
Intended Use of Proceeds	• Diversify funding by reducing drawn balance of existing revolving credit facility

III. Summary

Attractive investment case

1	Sophisticated investment platform in a growth market	**Unlevered asset level IRRs in mid-teens**
2	Increasing quality of earnings	**AMS towards 50% of Group revenues and increasing to mid-20s margins**
3	Resilient balance sheet	**Leverage of 3.0x-3.5x**
4	Consistently strong returns for shareholders	**ROE in mid-20s%**
5	Reliable through the cycle performance	**Dividend policy of ≥ 35%**

Sustainable return, prudently funded business model with predictable cash flows

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Appendix

IFRS 16 TRANSITIONAL IMPACT

- IFRS 16 is the new leasing standard, which brings operating leases on-balance sheet and changes how the associated costs are phased into the income statement, as well as where in the income statement they reside.

- For the Group 2019 opening balance sheet, the impact has been as follows:

Fixed Assets	+ £23.8m
Net Lease Liabilities	(£24.7m)
Opening Reserves Reduction	**(£0.9m)**

- This will modestly impact EBITDA and related metrics on an ongoing basis: operating expenses will decrease with a roughly commensurate increase in the depreciation and finance costs lines in the income statement.