



# The Arrow engine for growth

We believe we have the right strategy in place to drive growth and create value for our shareholders.



Strategic priorities	Our approach	Progress in 2019	Key priorities in 2020
<p><b>1</b></p> <p><b>Focus on strong consistent returns in the investment business</b></p>	<ul style="list-style-type: none"> <li>Target high-return niches</li> <li>Leverage expertise in granular asset classes</li> <li>Use local knowledge and experience of our local in-country teams to drive performance</li> <li>Maintain underwriting discipline</li> <li>Maintain diversity by geography and asset class</li> <li>Invest in a large number of smaller deals to mitigate concentration risk</li> <li>Invest in assets that provide returns significantly above our cost of capital</li> </ul>	<ul style="list-style-type: none"> <li>Maintained strong underwriting performance of 104%</li> <li>Generated Net IRRs of 17.0%, significantly above our cost of debt of 3.7%</li> <li>Created a diverse investment vintage by geography and asset class</li> <li>£303.7 million invested at an average deal size of £3.9 million</li> </ul>	<ul style="list-style-type: none"> <li>Continue to invest prudently alongside the Fund</li> <li>Drive collections performance</li> <li>Focus on generating mid-teens returns across a diversified vintage</li> <li>Stay alert for signs of deterioration in the economies of any of our countries</li> </ul>
<p><b>2</b></p> <p><b>To grow our specialist capital light Asset Management and Servicing business</b></p>	<ul style="list-style-type: none"> <li>To increase capital light servicing revenues in our AMS business</li> <li>To drive increased volumes from the capital provided by our Fund Management business through our servicing platforms, driving servicing revenues</li> <li>To increase FUM in our Fund Management business, increasing recurring revenue from management fees</li> <li>To manage the Fund Management business prudently over the long-term, resulting in performance fees</li> <li>Ensure our servicing platforms provide value for us and our clients</li> </ul>	<ul style="list-style-type: none"> <li>Gross revenues in our AMS business increased by 5.9% to £140.1 million</li> <li>Announced our inaugural Fund launch with €838.0 million of capital commitments</li> <li>Invested in our servicing platforms to maximise performance and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Continue to grow AMS revenues supported by contracts from discretionary Fund Management business</li> <li>Targeting €2.0 billion in total capital commitments by end 2020</li> <li>Maintain focus on offering our clients excellent service and solutions</li> </ul>
<p><b>3</b></p> <p><b>To be a leading player in our chosen markets</b></p>	<ul style="list-style-type: none"> <li>We have carefully identified the markets we want to operate in; those with strong NPL volumes, high returns characteristics and established regulatory environments</li> <li>We have focused on identifying and acquiring the best businesses with the best management teams in our chosen markets</li> <li>This has allowed us to increasingly diversify our earnings by both geography and asset class</li> <li>We are regulated in all of our jurisdictions and actively participate in industry bodies that help lead change in legislation and best practice</li> <li>Our strong reputation and relationships make us a favoured buyer of portfolios, enabling us to engage in a greater number of off-market transactions</li> </ul>	<ul style="list-style-type: none"> <li>Purchased £303.7 million of portfolios at attractive returns</li> <li>Invested in an efficiency programme to streamline our businesses and improve margins</li> <li>Our Portuguese servicing business, Whitestar, won Best Asset Management Service Provider Portugal 2019 at the International Investor Magazine awards</li> <li>Continued the integration of newer businesses into our pan-European platform</li> </ul>	<ul style="list-style-type: none"> <li>Continue to drive operational excellence throughout the Group</li> <li>Maintain strong relationships with regulatory bodies</li> </ul>
<p><b>4</b></p> <p><b>To transform the customer journey within our industry</b></p>	<ul style="list-style-type: none"> <li>Enable customers to build better financial futures by helping them to rehabilitate their credit scores and gain access to future credit</li> <li>We use industry-leading data and analytics to better understand our customers' financial situations and tailor our interactions with them on an individual basis</li> <li>We work with debt charities and other organisations that provide free impartial services to ensure that customers get the best possible advice</li> </ul>	<ul style="list-style-type: none"> <li>Shortlisted for three categories in the Credit Strategy 'Collections and Customer Service' awards 2019, including 'Best Customer Service Provider', 'Debt Purchaser of the Year', and 'Excellence in Training Award'</li> <li>Maintained our strong relationship with Citizens Advice in the UK</li> <li>Worked closely with and funded StepChange, Payplan and Christians Against Poverty on consumer debt issues</li> <li>Customer engagement via digital routes continued to increase</li> </ul>	<ul style="list-style-type: none"> <li>Continue to focus on excellent customer outcomes</li> <li>Increase customers' digital interaction with us</li> <li>Maintain staff incentives based on positive customer outcomes</li> </ul>
<p><b>5</b></p> <p><b>To attract and retain talent</b></p>	<ul style="list-style-type: none"> <li>We understand that to be the best in one's industry it is vital to attract the best talent</li> <li>We aim to attract talent with experience from other leading financial and technology companies and education institutions</li> <li>We support all our employees through a focus on providing accessible training and career planning</li> <li>We look to retain talent by providing a competitive package of pay and benefits, as well as valued incentives and recognition programmes, with a focus on rewarding behaviours that promote a culture orientated around customer satisfaction</li> <li>We have an ongoing commitment to build the strength of the leadership, which is key to ensuring the productive growth of the Group</li> </ul>	<ul style="list-style-type: none"> <li>Continued to promote our Group values and purpose programme with Group-wide management roadshows</li> <li>Strengthened leadership structures throughout the Group through key hires across all countries and at Group</li> <li>80 winners of the employee recognition scheme for displaying the Group's values</li> </ul>	<ul style="list-style-type: none"> <li>Continue to cultivate a culture orientated around our Group values that rewards positive customer outcomes and promotes an enjoyable working atmosphere</li> <li>Reward highflyers in order to maintain high retention rates of talented employees</li> <li>Attract new talent through offering unique working opportunities combined with attractive compensation and benefits packages</li> </ul>