Presentation to analysts 2010 interim results

15 September 2010

Contents

Chairman’s overview

FAIRPOINT.

- Solid first half performance in a challenging market, with continued earnings growth and progress on strategic objectives
- Good cost control with direct & marketing costs falling to 56% vs. 58% in H109
- Debt management propelled to scale
- Success in value added services
- Enhanced strategic options with the acquisition of Moneyextra
- Strong continued cash generation
- Interim dividend of 1.5p

Fairpoint's business & strategy

Chris Moat

CEO

Our business

FAIRPOINT.

Gather information about our customers

Identify the appropriate solution

Reduce the customer’s outgoings

Our direction

FAIRPOINT.

	From	To
Gather information about our customers	Best Advice Model with highly detailed customer conversation.	Best Advice Model with simplified & more engaging customer conversation.
Identify the appropriate solution	Identify the seriously financially indebted from the pool of consumers calling.	Match a solution to the customer circumstances from a broad pool of products.
Reduce the customer's outgoings	Reduce the customer's cost of servicing their debt.	Make the customer's money go further by reducing their bills and costs of serving debt.

Creating a broad based financial solutions business serving the financially stressed consumer

Making money go further

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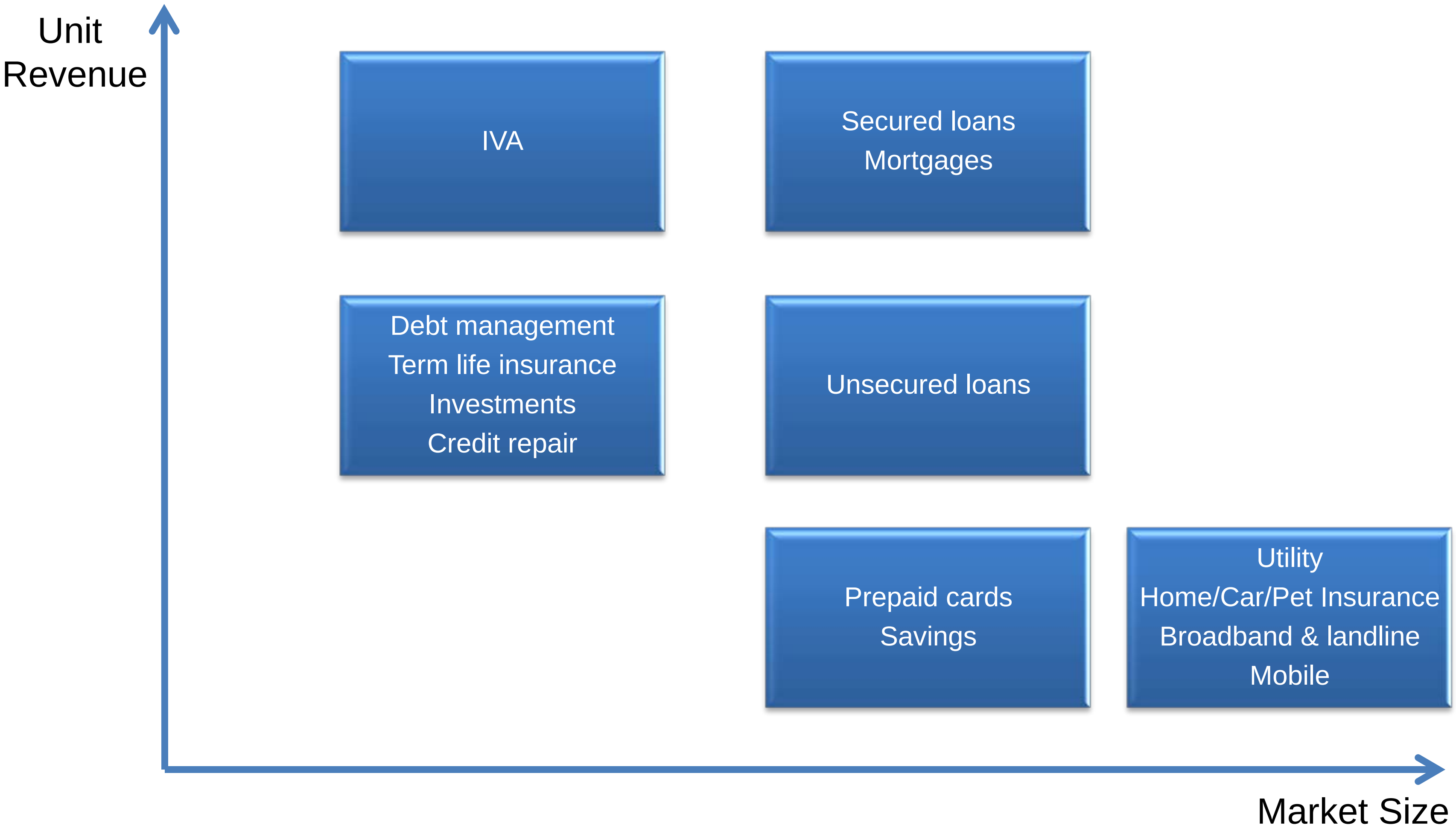
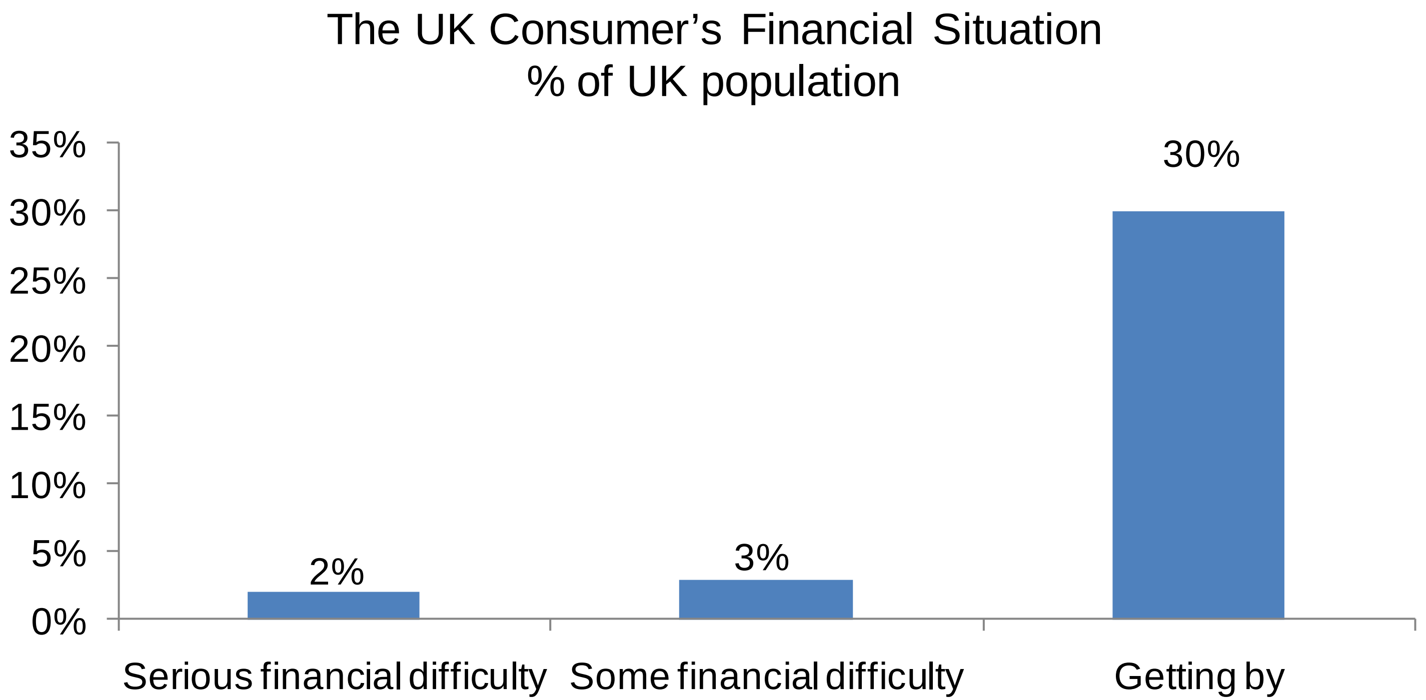


The UK consumer need



Debt solutions and money savings | **Money savings**

30% of the UK population need to make their money go further

Progress & outlook

Chris Moat

CEO

Market context

FAIRPOINT.

- IVA market growth of 15% in H1FY10, but flattered by migration from historic DMP preference
- Macro environment benign in H1FY10 as economy recovering, interest rates flat and unemployment falling but outlook looks to reverse this, with rising unemployment from public spending cuts
- Consumer remains highly over-leveraged and concerned over the economic outlook
- Creditor approval rates for IVA high and stable, creditors seeing increased returns and distributions. Leading to approval of lower value cases
- Competitive environment in H1FY10 to acquire leads, but regulatory tightening in debt management sector has led to market consolidation

Delivering on our strategic objectives

FAIRPOINT.

Key Focus Areas	Objective	Progress
Developing a significant customer franchise	Double customer numbers by the year-end	146% increase in like-for-like solutions sold
Diversifying revenue	20% of revenue from non-IVA sources by the year end	Rises to 15% in H1 with full impact of DMP to come in H2 Forecast run-rate of >25% by Q4 FY10
Operational effectiveness improvements	Maintain ratio of direct marketing and costs to revenue of below 55% by the year-end	Seasonally weaker H1 at 56% (H1FY09 58%) Expect to at least meet year end target
Acquisitions as opportunities for consolidation are presented	Accelerate the growth of the debt management business	Acquisition of 2 portfolios giving a 65% increase in number of cases Low gearing and cash generation supports acquisition activity and progressive dividend policy

A more resilient business model

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	More customers from generated enquiries	A growing customer franchise	A broader product portfolio
FY09	**13%**	**23,000**	**88% from IVA** **12% other**
FY10	**33%**	**34,000**	**85% from IVA** **15% other**
	% leads converted to sales	***Backbook of cases***	***Revenue split***

Outlook

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We are well positioned for further progress, through:

- A strong core business which is positioned to take advantage of further anticipated pressure on household finances
- A tried and tested model for the integration of further debt management books
- The ability to offer a wider range of money savings services through the Moneyextra business

Financial performance
2010 interim results

Andrew Heath
Finance Director

Financial performance

- Earnings per share increase 8% year on year to 3.9p
- Interim dividend of 1.5p
- Strong operational efficiency offsets declining back book fees in IVA
- Targeted acquisition provides strong platform for DMP
- Financial Services returns to profit with significant volume growth

Profit before tax

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Headline results

£'000+	6 Months to Jun 09	6 Months to Dec 09	6 Months to Jun 10	Variance to prior year
Revenue	13,759	15,141	13,876	117
Cost of sales	(8,023)	(7,423)	(7,801)	222
Gross profit	5,736	7,718	6,075	339
Net breakage	144	(133)	33	(111)
Overhead	(2,875)	(3,218)	(2,975)	(100)
Recurring EBITDA	3,005	4,367	3,129	128
Depreciation and Amortisation	(445)	(457)	(459)	(14)
Net finance costs	(199)	(170)	(100)	99
Adjusted PBT	2,361	3,740	2,574	213

Note: Excludes amortisation and impairment of intangibles arising on consolidation and exceptional items.

Earnings

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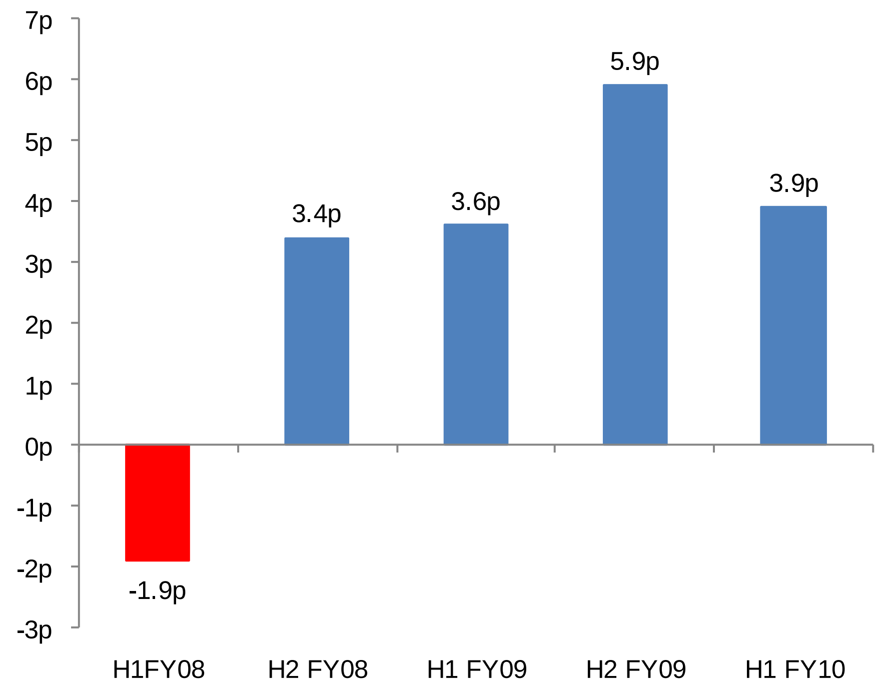
Earnings from continuing operations

£'000	6 Months to June 09	6 Months to Dec 09	6 Months to Jun 10	Variance to prior year
Adjusted PBT	2,361	3,739	**2,574**	213
Exceptional items	-	-	**-**	-
Brand amortisation	(186)	(192)	**(200)**	(14)
Profit before tax	2,175	3,548	**2,374**	199
Tax	(647)	(1,015)	**(685)**	(38)
Effective Rate	30%	29%	**29%**	
PAT from Continuing Operations	1,528	2,533	**1,689**	161
Basic EPS	3.58	5.89	**3.88**	0.30

EPS trend



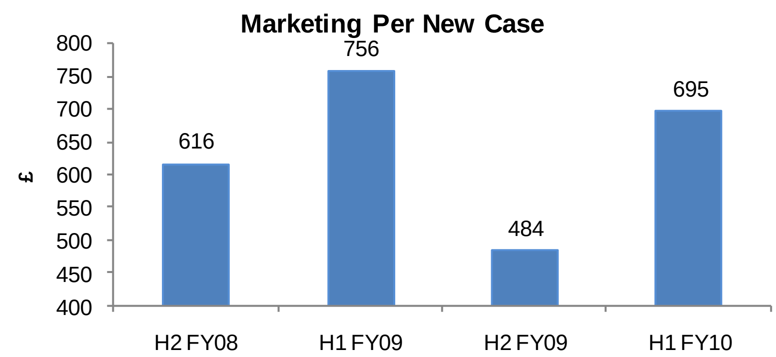
IVA

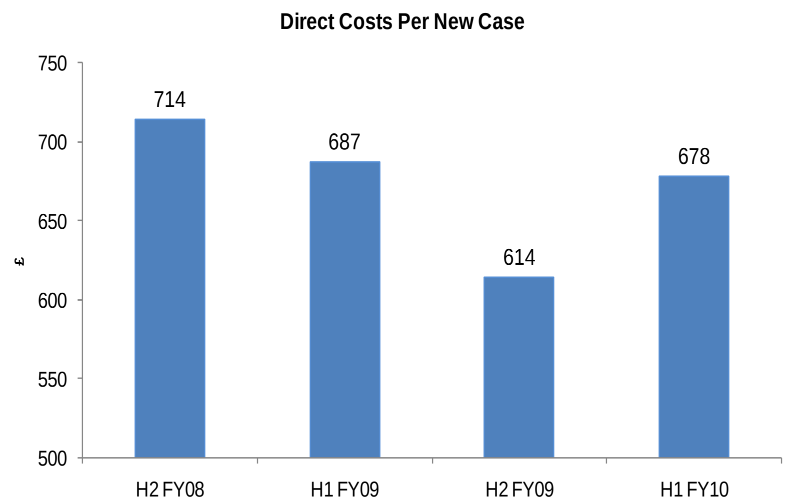
Headline results

£'000	6 Months to Jun 09	6 Months to Dec 09	6 Months to Jun 10	Variance to prior year
New Business				
Revenues[1]	8,308	9,622	8,126	(182)
Marketing	(2,936)	(2,241)	(2,816)	120
Direct costs	(2,670)	(2,845)	(2,747)	(77)
Contribution to profit	2,702	4,536	2,562	(140)
Ongoing Business				
Revenues[1]	3,895	3,589	3,699	(196)
Direct costs	(1,453)	(1,464)	(1,255)	198
Contribution to profit	2,442	2,125	2,444	2
Total contribution from IVA	**5,144**	**6,661**	**5,206**	**(138)**
Volumes				
New cases	3,886	4,634	4,053	167
-Recurring cases	2,664	3,162	2,825	161
Closing cases on file	18,771	20,803	22,389	3,618

[1] Net Breakage has been allocated to IVA segmental revenues

Operational efficiency





Debt management

FAIRPOINT.

Headline results

£'000	6 Months to Jun 09	6 Months to Dec 09	6 Months to Jun 10	Variance to Prior Year
New Business				
Revenues	845	740	620	(225)
Marketing	(259)	(243)	(216)	43
Direct costs	(257)	(231)	(181)	76
Contribution to profit	329	266	224	(105)
Ongoing Business				
Revenues	682	838	1,167	485
Direct costs	(203)	(237)	(386)	(183)
Contribution to profit	479	601	781	302
Total contribution from DMP	**808**	**867**	**1,005**	**197**
Volumes				
New cases	2,187	2,042	6,013	3,826
-In-house cases	2,107	2,025	5,951	3,844
Closing cases on file	4,516	5,539	11,158	6,642

- Increased availability of debt management portfolios at attractive asset valuations
- Returns are strong and low risk
- H1FY10 includes only 1 month of acquisitions
- Successfully migrated in the period
- Remain committed to organic growth
- Initial acquisition costs £1.5 million
  - £1.2 million paid in period
  - £0.3 million paid over two years
- Scale benefits of 20% reduction in targeted operating cost per case in H2FY10

Financial services

Headline results

£'000	6 Months to Jun 09	6 Months to Dec 09	6 Months to Jun 10	Variance to Prior Year
New Business				
Revenues	173	219	297	124
Marketing	(32)	(34)	(80)	(48)
Direct costs	(213)	(128)	(120)	93
Contribution to profit	(72)	57	97	169
Volumes				
New cases (Mortgages)	65	62	73	8
New Cases (Value Added Services)	1,079	3,627	11,982	10,903

Value Added Services

- Rapid take up of switching services
- Mortgage remains low but some signs of increased supply in second quarter
- Second half revenues to benefit from Moneyextra acquisition

Moneyextra - Impact

Consideration dependent on success

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On acquisition	Deferred consideration
£1 for 100%	**49% of Moneyextra EBITDA @ FRP prevailing multiple**

- Working capital of £1 million
  - Includes exceptional costs of £0.4 million
    - Reorganisation
    - Costs
    - Duplicate systems

- On results for FY11 or FY12 or FY13
- Cash up to 2.5x MX EBITDA
- Balance in shares
- Maximum £15million

Total consideration expected to be £8 million

Cash generation

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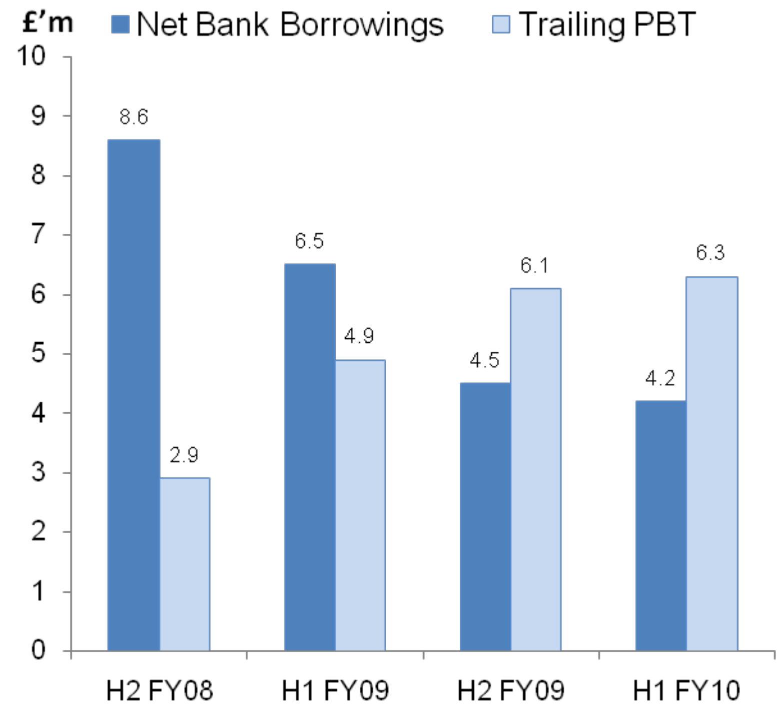
Strong operational cash flow

£'m	H1FY09	H2FY09	H1FY10
Cashflow from operations	3.3	2.7	3.5
Financial costs	(0.2)	(0.3)	(0.1)
Tax	(0.5)	(0.3)	(0.4)
Capex	(0.3)	(0.3)	(0.6)
Acquisition of DMP portfolio's	-	-	(1.2)
Dividend	-	-	(0.9)
Cash available to reduce borrowings	2.3	1.8	0.4

Gearing at prudent levels



Funding position and balance sheet

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Improving balance sheet with £11.8m funding headroom.

Funding position

£'m	Revolving credit facility
Utilised	4.2
Unutilised	11.8
	16.0
Repayment schedule	
December 2011	8.0
December 2012	8.0
	16.0
Pricing	LIBOR
	+ 150 bps

Balance sheet

£'m	June 2010	December 2009	June 2009
Non current assets	19.7	18.3	18.5
Debtors	26.3	26.4	24.1
Creditors	(3.7)	(3.0)	(1.6)
Deferred tax	(1.0)	(1.0)	(0.8)
Net bank borrowings	(4.2)	(4.5)	(6.5)
	37.1	36.2	33.7
Equity	0.4	0.4	0.4
Distributable reserves	24.6	23.7	21.2
Other reserves	12.1	12.1	12.1
Net assets	37.1	36.2	33.7

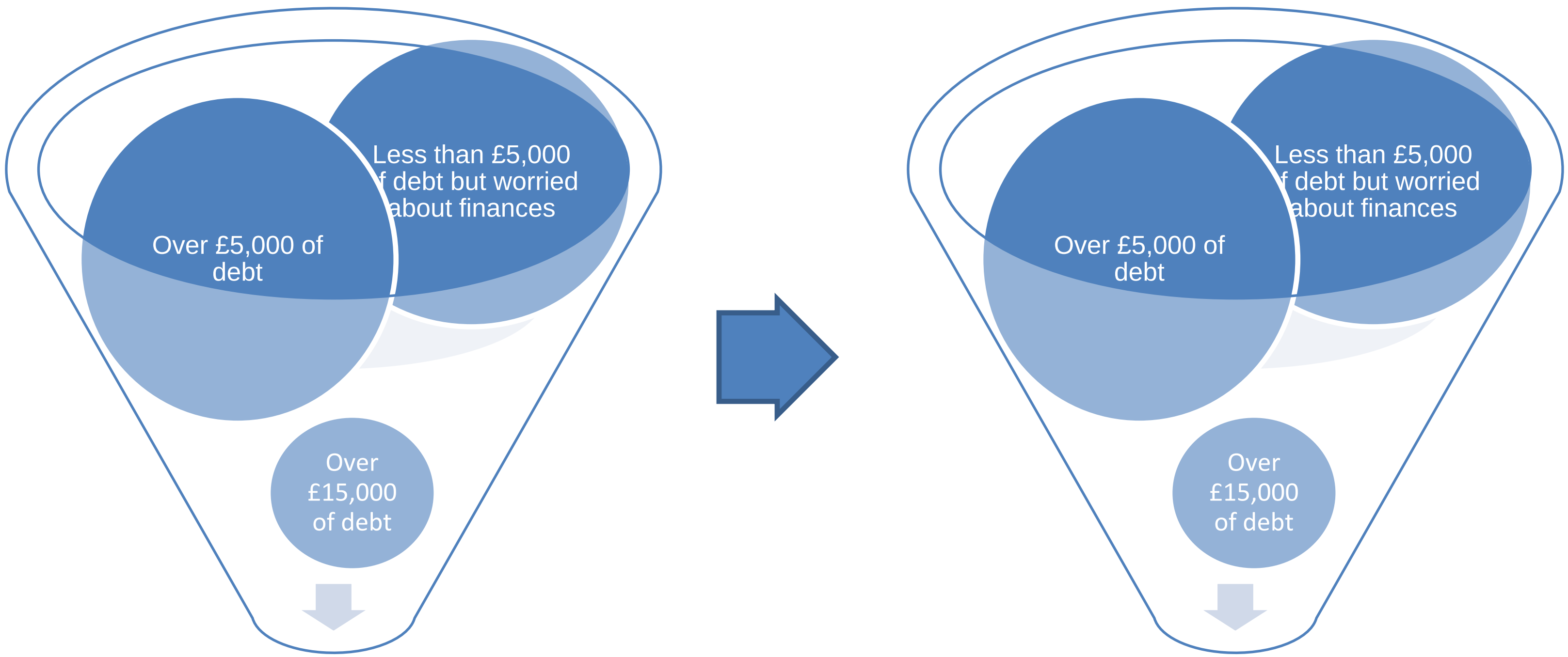
Net asset position improving

Group strategy
From debt solutions
to financial solutions

Chris Moat

CEO

Our operational leverage



IVAs

IVAs; DMPs; Money savings services e.g. Gas, electricity, mobile phones, car insurance, home insurance, broadband, landlines; Secure Trust Card

Helping 3 - 4% of callers'

Help for 100% of callers

The journey so far

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IVA centric business

- Inception to mid 2008

Debt solutions business

- Operational effectiveness early 2008
- DMP Launch mid 2008
- Enhanced conversion of leads to debt solutions continues to support income and profit growth

Solutions for the financially stressed

- Utilisation of data collected through the income and expenditure review process to identify money savings options for customers
- Piloting of utility switching

Personal financial management

- Roll our of utility switching
- Multi-product savings options identified as part of income and expenditure review at:
  - Point of application
  - Through annual debt review process
- Online money saving service

Inception → 2008 → 2009 → 2010

Developing the customer franchise with Moneyextra

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Customer flow	Product broadening	Technology capability
• 5th Largest Price comparison site • Established comparison brand – since 1995 • 60,000 plus customer registrations per month	• All of the major price comparison services are available: • Gas, electricity, media, credit cards, loans, broadband, mobile, landline, car insurance, home insurance	• Web development capability • Credit profiling tool • Advanced development of a multi product price saving application
A significant flow of leads	Faster and broader deployment of cross sales	Faster ability to sell multiple products through single customer contacts

Combined with Fairpoint's customer leads and existing overhead base, Moneyextra is expected to become profitable quickly and deliver a more diversified business

Consolidation acquisitions

FAIRPOINT.

The prospect pool

- Large number of sub scale (500 – 5,000 customers) debt management businesses in the UK
- Key due diligence requirements are ethical customer origination, stable payment history, and low breakage

The catalysts for consolidation

- Changing regulatory landscape
- Lack of ability to reach scale
- Increased competitive intensity from larger players

The integration model

- Stable customer base - 2 year pattern of payments
- Asset purchase valuation
- Data migration from source system to single target system

Business drivers

- Faster progress to realising scale benefits
- Continued diversification of revenue streams
- Margin enhancing

Summary and outlook

FAIRPOINT.

- We have continued to make significant progress in the first half and expect to continue our strong cash generation and growing earnings
- The economic environment is proving more benign in the second half of 2010, slowing growth in our core products. This is expected to reverse as pressure mounts on public sector spending and interest rate policy through 2011
- We have significantly enhanced the annuity value of our managed cases through targeted acquisition
- Moneyextra offers us the ability to rapidly extend our financial services offering
- The business increasingly will generate revenues and profits from non-IVA sources

Appendices

Market indicators

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