Presentation to analysts
2012 interim results

27 September 2012

Overview

FAIRPOINT.

Highlights

- Strong progress in the seasonally weaker first half:
  - Strong revenue growth
  - Product diversification continues
  - Strong cash generation
  - Progressive dividend policy
  - Continuing to strengthen and invest in our platform for future growth

Prospects

- From creating momentum to managing momentum:
  - H2 will benefit from the normal business seasonality
  - Current stock and completed acquisitions providing further momentum
  - Continued development of the financial services business

Agenda

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- Gathering momentum
- Financial review
- Momentum management
- Appendices

Gathering momentum

H1 2012

A Business Gathering Momentum

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- Adjusted PBT was £3.0m in H1 2012 which compares to breakeven in H1 2011
- Revenue has grown 19%
- Cash generation of £6.5m supports a dividend increase to 1.95p from 1.75p H1 2011

Key Focus Area	Objective from Preliminary results	Progress
Cash generation	Annual savings in excess of £1m from operating improvements. Embed acquisitions Secure the VAT claim.	Operating cash of £6.5m was generated in H1 2012 prior to the processing of VAT monies. The VAT monies will be processed from client accounts largely before the year end.
Debt solutions acquisitions	Grow debt management	Debt Management continued to grow with revenues up 11% to £2.8m. A further acquisition was completed in H1 2012 with an active pipeline of deals in place.
Claims management services	Build the IVA PPI claims business Launch an in house PPI claims business for debt management customers.	Diversified Activities now account to 38% of total revenues, up from 26% as at FY 2011. Financial Services contributed £2.6m of revenue largely from Claims Management Services. The in house business, Writefully Yours, has been launched.
Further diversification	Roll out Lending in Q2 2012	New business origination progress has been positive. Regulatory change is in strong evidence, largely as anticipated, and has accelerated the product development agenda.

Financial review

Income Statement Highlights

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£'m	H1 2012	H1 2011
Revenue	14.1	11.8
Gross profit	6.8	3.3
Adjusted profit before tax	3.0	0.0
Profit (loss) before tax	2.1	(2.1)
Adjusted basic EPS	5.26p	0.04p

- £2.3m (19%) increase in revenue driven by growth in financial services and DMP segments
- Adjusted profit before tax was £3.0m (2011: £0.0m):
  - Adjusted for amortisation of acquired intangible assets of £0.7m (2011: £0.4m) and exceptional items of £0.2m (2011: £1.7m)
- Exceptional costs of £0.2m (2011: £1.7m) in relation to the refinancing which was completed in April 2012
- Finance costs of £0.1m (2011: £0.1m)
- Effective tax rate on adjusted PBT of 24% (2011: 26%)
- Adjusted basic EPS of 5.26p (2011: 0.04p)

Revenue Bridge

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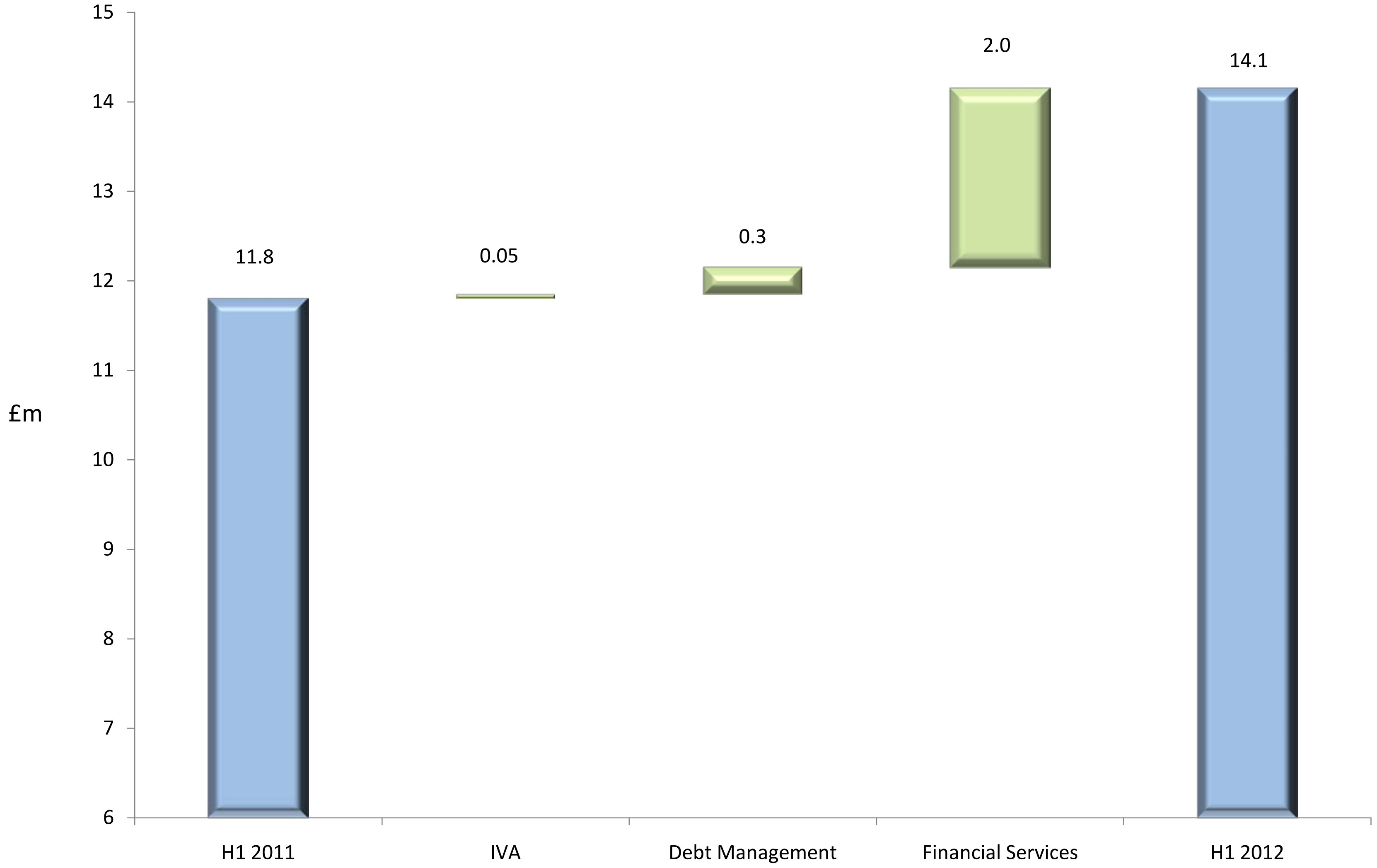

Adjusted Profit Bridge

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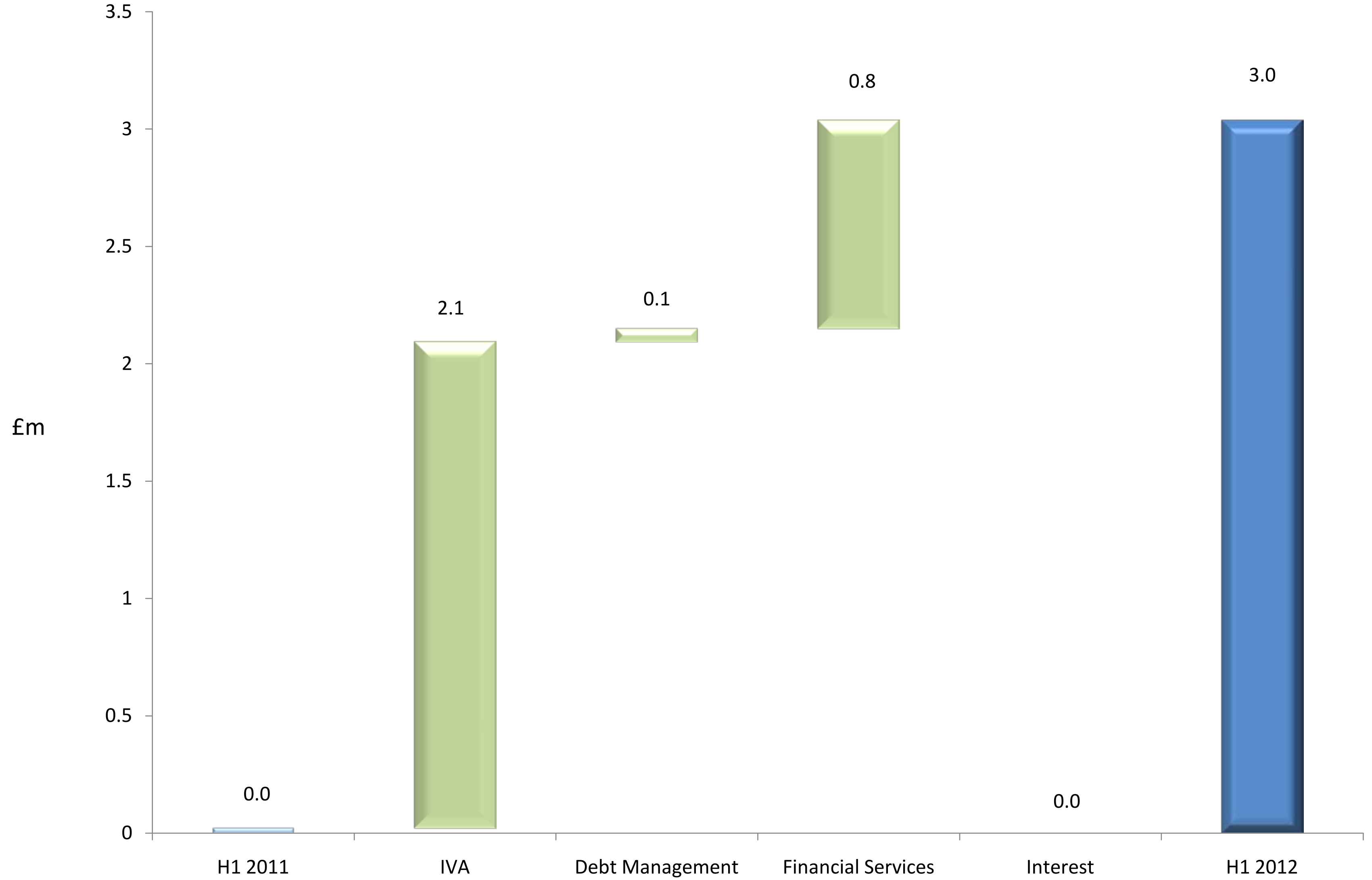

Segment Summary – Revenue

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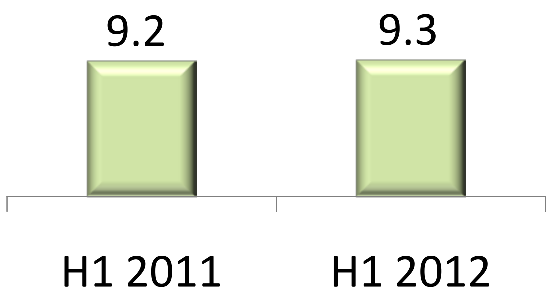
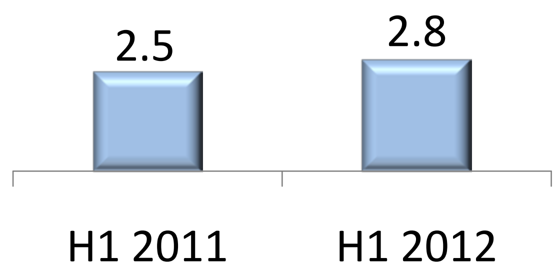
IVA[1] (£m)



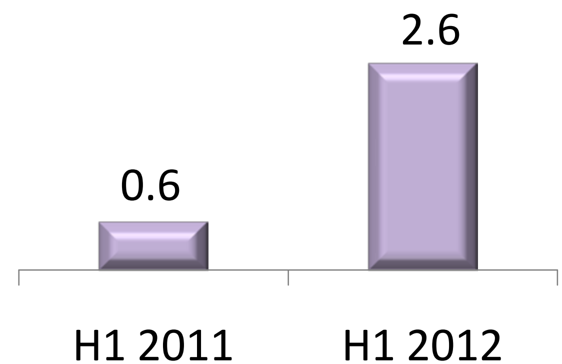
- 2,217 new cases (2011: 3,005)
- Average gross fee per new case £3,450 (2011: £3,654)
- 20,772 fee paying cases under management (2011: 20,659)

DMP (£m)



- Acquisition of backbook in May 2012 added 915 cases
- Continued organic growth
- 16,090 cases under management (2011: 14,780)

Financial Services (£m)

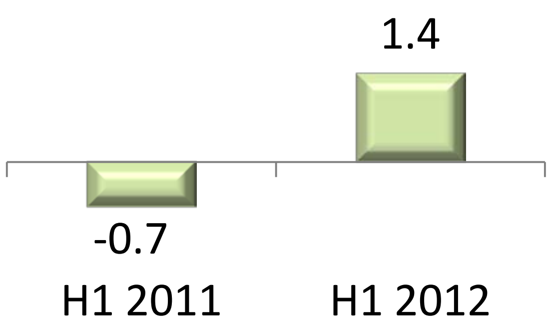


- Claims management services adds significant revenue
- Payday lending also contributing to revenue increase
- Additional financial services opportunities being considered

[1] Includes TVOM of £1.9m (2011: £2.1m) and bad debt charge of £1.3m (2011: £1.6m)

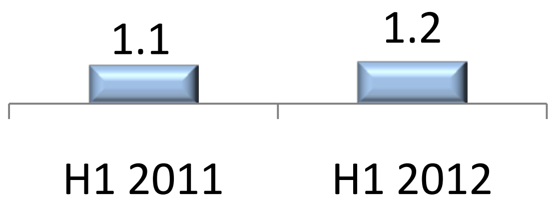
Segment Summary – Adjusted PBT

IVA (£m)



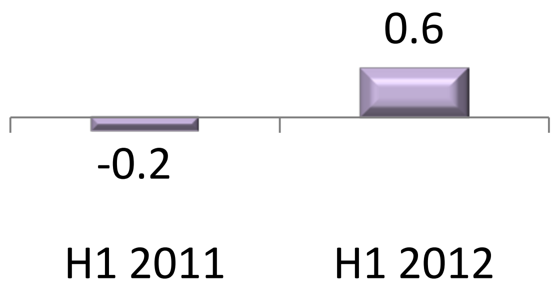
- Actions taken in 2011 to address cost base result in significant increase in adjusted PBT
- IVA supervisory fees from back book were enhanced by claims management activities

DMP (£m)



- Successful integration of acquired back books
- Continued focus on managing attrition and arrears
- Enlarged lending facility provides platform for further acquisitions

Financial Services (£m)



- Claims management revenue generating strong margins
- Development of short term lending continues cautiously

Operational efficiency

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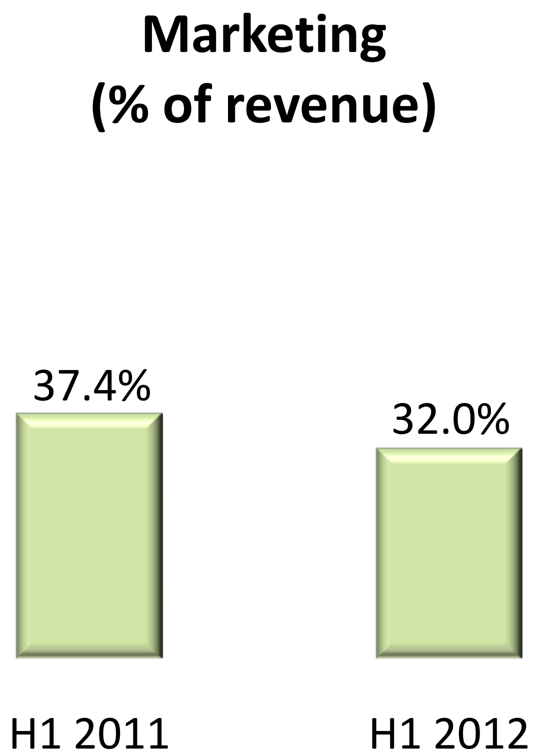

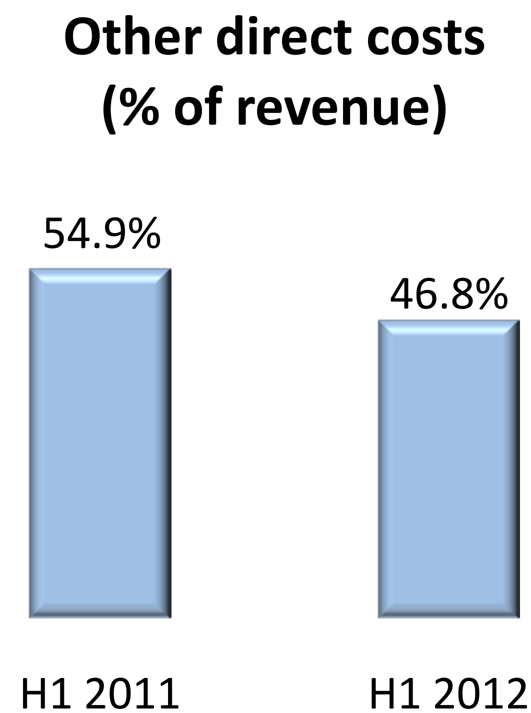

- Continued focus on effective marketing campaigns

- Cost reduction activities undertaken at the end of H1 2011

Balance Sheet

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£m	30 June 2012	30 June 2011
Property, plant & equipment	1.3	1.5
Goodwill	12.0	13.9
Other intangible assets	7.4	7.3
Total non-current assets	**20.7**	**22.7**
Trade receivables & amounts recoverable on IVA	21.8	24.5
Other current assets	1.7	1.4
Cash	2.1	1.3
Total assets	**46.3**	**49.9**
Equity & reserves	**36.6**	**36.1**
Non-current financial liabilities	4.0	9.6
Deferred tax	0.3	0.9
Total non-current liabilities	**4.3**	**10.5**
Trade and other payables	4.2	3.0
Current financial liabilities	0.1	0.1
Corporation tax	1.1	0.2
Total current liabilities	**5.4**	**3.3**
Total equity and liabilities	**46.3**	**49.9**

- £1.9m impairment charge in 2011
- Investment in new IVA platform and other assets expected to provide efficiencies going forward
- Significant improvement in cash generation and working capital management has also reduced net borrowings

Cash Flow

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£'m	H1 2012	H1 2011
Operating	6.5	0.5
Investing	(0.9)	(1.6)
Financing	(4.9)	1.4

- Operating includes:
  - Significant improvement in underlying profitability (increase of £3.0m)
  - Continued focus on working capital management (increase of £2.2m)
  - Once off tax repayment which will reverse in H2 (increase of £1.0m)
- Investing includes:
  - £0.4m of DMP back book acquisitions (2011: £1.2m)
  - £0.4m investment in software assets including new IVA platform (2011: £0.3m)
- Financing includes:
  - £1.2m final dividend paid (2011: £1.0m)
  - £3.7m reduction in bank borrowings (2011: £2.5m increase)

Borrowings

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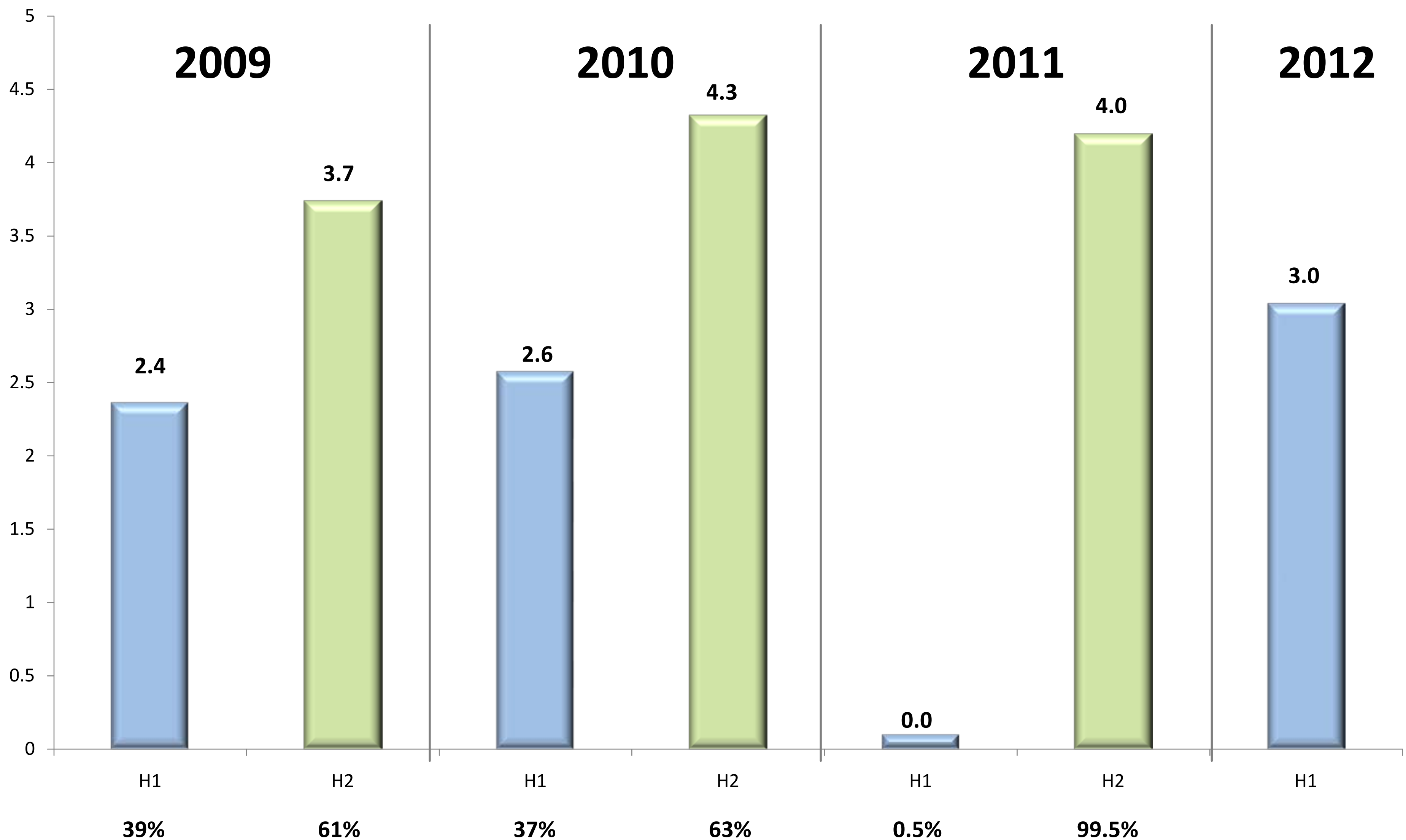
£m	30 June 2012	31 Dec 2011	30 June 2011
Principal bank debt	3.8	7.5	8.5
Cash	(2.1)	(1.5)	(1.3)
Net bank debt	1.7	6.0	7.2
Other asset related finance	0.3	0.4	0.4
Net borrowings	2.0	6.4	7.6

- £13m asset based credit facility agreed with PNC Financial Services in April 2012
- Facility replaces £8m RBS facility which was due to expire in December 2012
- The enlarged facility has a four year term
- Secured against the back book of IVAs and DMPs
- Asset based facility means that it can be increased for acquisitions

Seasonality in Adjusted Profit



Financial Trends

- H2 2012 seasonality effects
- Segmental trends:
  - IVA segment expected to remain subdued and focus on efficiency and cost management will continue
  - Continued organic growth expected in DMP segment with the potential for further acquisitions
  - Financial services should continue to benefit from claims management revenue
- £9m VAT refund not yet recognised and expected to be largely processed into client cases by year end, with material part retained as exceptional fee income
- Full year corporation tax rate expected to remain at 24.5%
- Reversal of tax repayment in H2
- Interim dividend of £0.8m payable in October 2012
- £1.0m cash outflow in July due to purchase of 1.7m of own shares at 60p
- H2 2012 finance charge expected to increase due to new facility

Progress and momentum

Strategic Themes

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Cash generation

- IVA cost leadership
- Debt solutions acquisitions

Near term diversification

- Value added services cross sell
- Claims management services

Further diversification

- Lending roll out
- Further product diversification

Cash Generation

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Core operation

The new IT platform has now been launched and sets the scene for further process reengineering

VAT reclaim

Launch of the new IT platform provides for processing of the VAT reclaim prior to the year end

Acquisition flow

Further acquisitions opportunities are anticipated with a pipeline of both IVA and debt management opportunities.

Cash conversion ratio expected to be >120%

Claims Management Services

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IVA claims activity - PPI

Significant PPI claims pipeline now developed

Active management of creditors' response to claims required

Further opportunities for growth identified

Debt Management claims activity - PPI

Writefully Yours business launched in July

In-house variant of IVA activity for Debt Management

Refining the operating model before moving to scale

38% of revenue from diversified activities

Scoping for further growth

Writefully Yours is the business name for future legal services

Principle is that we aid customers in completing documentation to pursue monies to which they are rightfully entitled.

Lending Development

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Progress

- Ability to originate new business at the right cost
- Underwriting capability
- Portfolio management
- Step up in new business volumes
- Built term loan product

Regulatory & market update

- New guidelines issued from Consumer Finance Association; largely anticipated with the following notable point: limit of 5 repeat loans was anticipated, all at full interest charge, but new guideline is now 3 repeat loans plus 8 weeks with zero additional interest charge
- Significant development of a secondary short term lending market

Focus Areas

- Acceleration of term lending product
- Development of equitable charge product

Outlook

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- Expect continued momentum in H2 benefitting from:
  - the normal seasonality of the business
  - a good stock of work in our back books
  - the benefit of acquisitions made in this and prior periods
  - continuing development of the financial services business

- Well positioned to continue to play a leading role in the ongoing consolidation of the debt solutions market:
  - as and when value-enhancing opportunities emerge
  - consolidate our market position and diversify our income streams

Investment Summary

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- A leading debt and money management solutions provider
- High barriers to entry afforded by scale of the business
  - Industry leading regulatory and best practice compliance
  - Established effective collection processes
  - Marketing know-how and spend efficacy
- Strong visibility across back book revenues
- Diversified growth strategy with good opportunities in DMP and Claims Management
- Strong funding position for organic growth and back book acquisitions
- Progressive dividend policy

Appendices

Market Indicators

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