

The background of the slide features a large, stylized circular graphic. It is composed of several large, overlapping triangular segments in red, green, blue, and yellow. A white, multi-pointed star or compass rose shape is centered within the circle. The word "FAIRPOINT." is written in a bold, black, sans-serif font across the center of this white shape. To the right of the main graphic, there is a green arc with a series of small, white, triangular teeth or spikes along its inner edge, resembling a gear or a compass needle's tail.

FAIRPOINT.

2014 Final Results

2014 Final results presentation

Chris Moat, Chief Executive Officer

John Gittins, Group Finance Director

Peter Watson, Managing Director, Simpson Millar



Introduction & Overview

- Transformation of Fairpoint as a result of successful diversification
- A strong financial performance, with maiden contribution from consumer legal services
- Adjusted profit and revenues have increased at double digit rates compared to 2013
- Strong balance sheet, cash generation and new enlarged long term bank facilities provide platform for growth
- Increased dividend reflecting strong profit performance and confidence in the future
- Significant growth opportunities and strong start to 2015



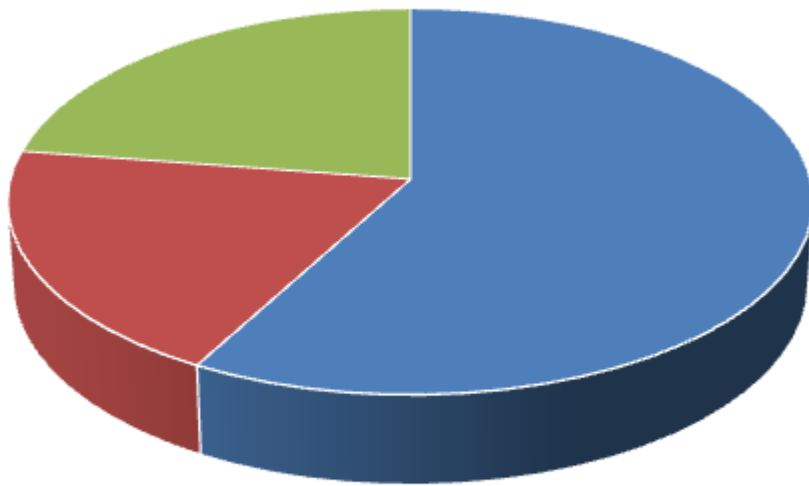
Transforming Fairpoint

Chris Moat



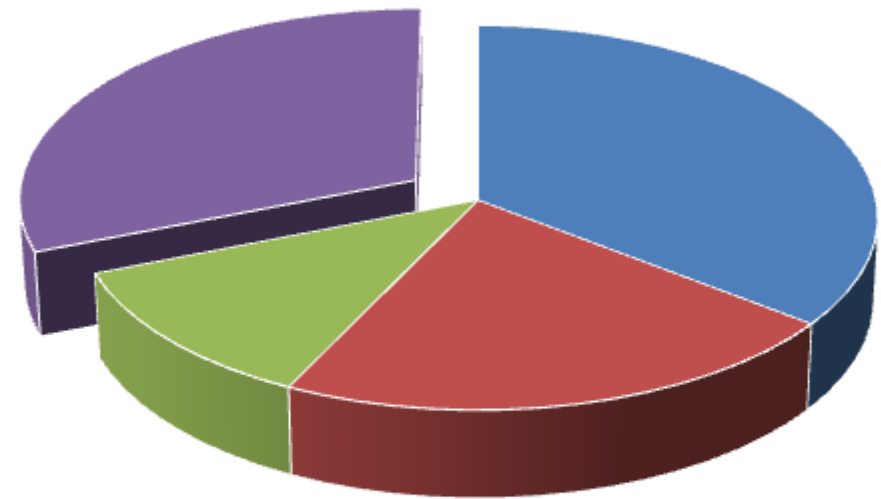
Transformation in numbers

2013 Revenues



■ IVA ■ DMP ■ CM ■ LS

2014 Revenues



■ IVA ■ DMP ■ CM ■ LS

31% of Group revenues from Legal Services (c.45% annualised)

A consistent strategic agenda

Increased business resilience through diversification of income streams

Cost Leadership

Consolidating our chosen markets

Process into professional services

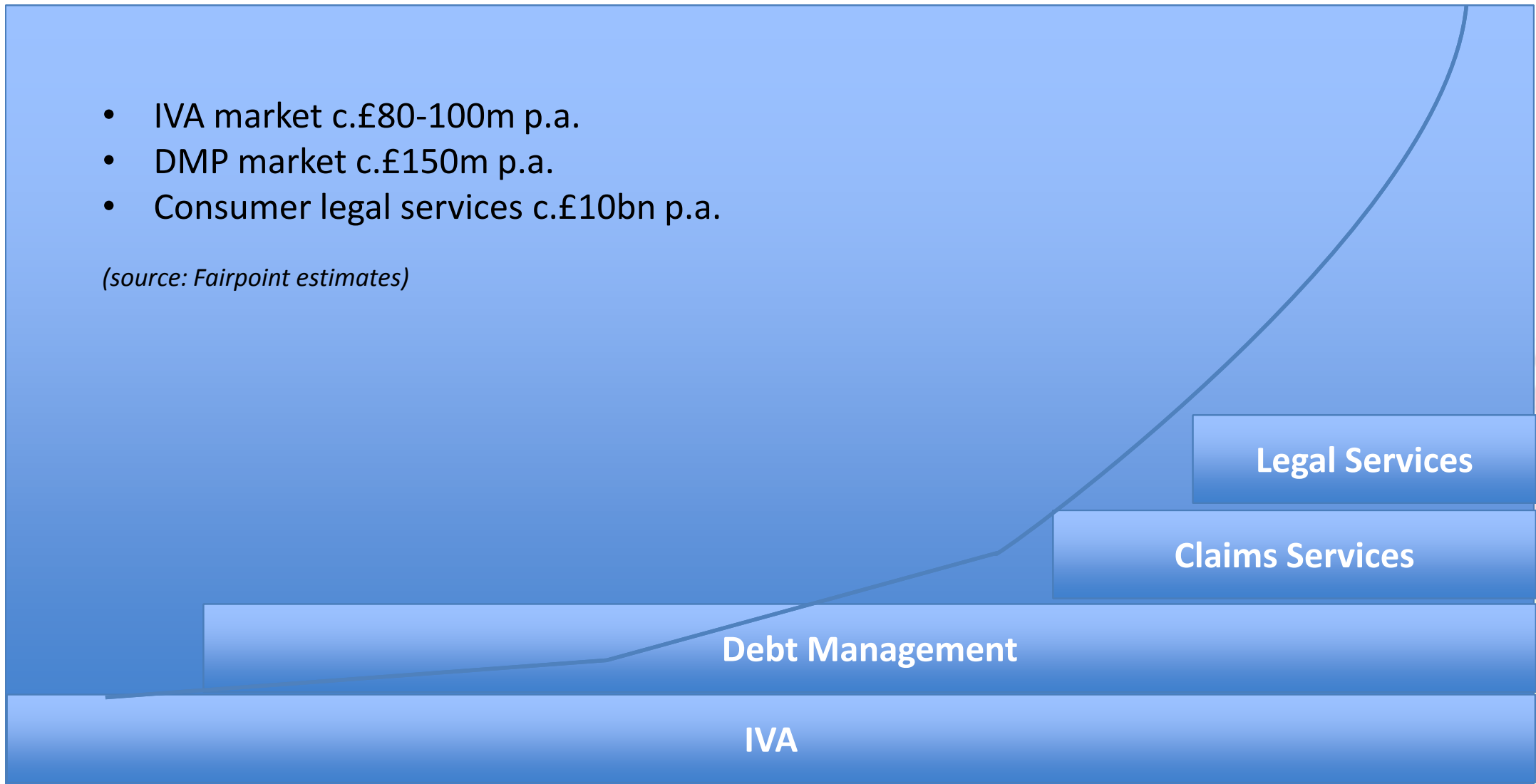
Establishing a legal services platform

A growing opportunity....

Addressable Market Size

- IVA market c.£80-100m p.a.
- DMP market c.£150m p.a.
- Consumer legal services c.£10bn p.a.

(source: Fairpoint estimates)



Served by a portfolio of brands

FAIRPOINT.

GROUP PLC

debtfree
DIRECT


ClearStart
— A brighter future —

WRITEFULLY
YOURS
.CO.UK

 **Simpson Millar** ^{LLP}
Solicitors

LAWRENCE CHARLTON
SPECIALIST DEBT SOLUTIONS

moneyextra.com

Pointing customers towards better solutions



**Using a group wide set of values across all of our brands
Serving markets not creating them**

Financial Results 2014

John Gittins

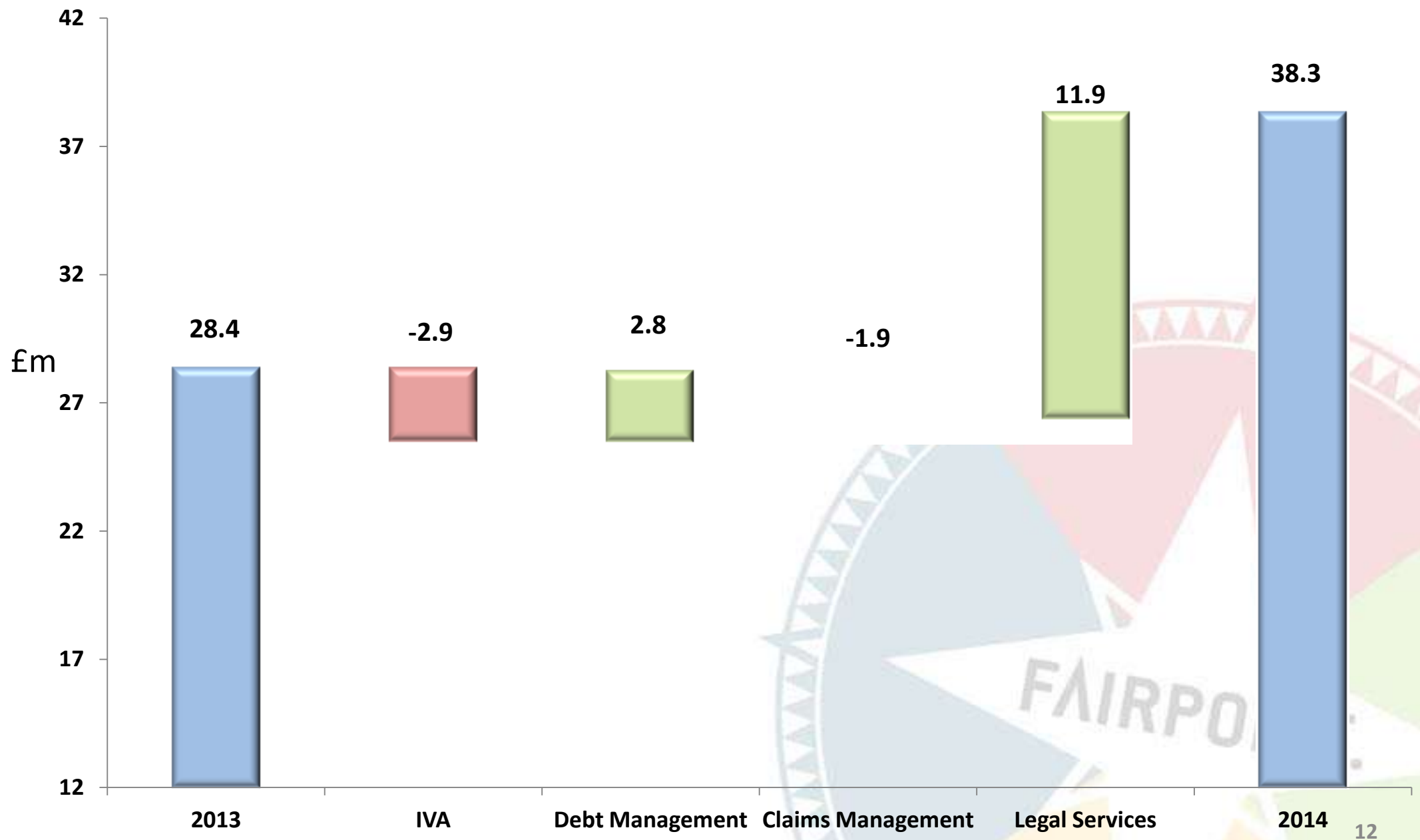


Income statement highlights

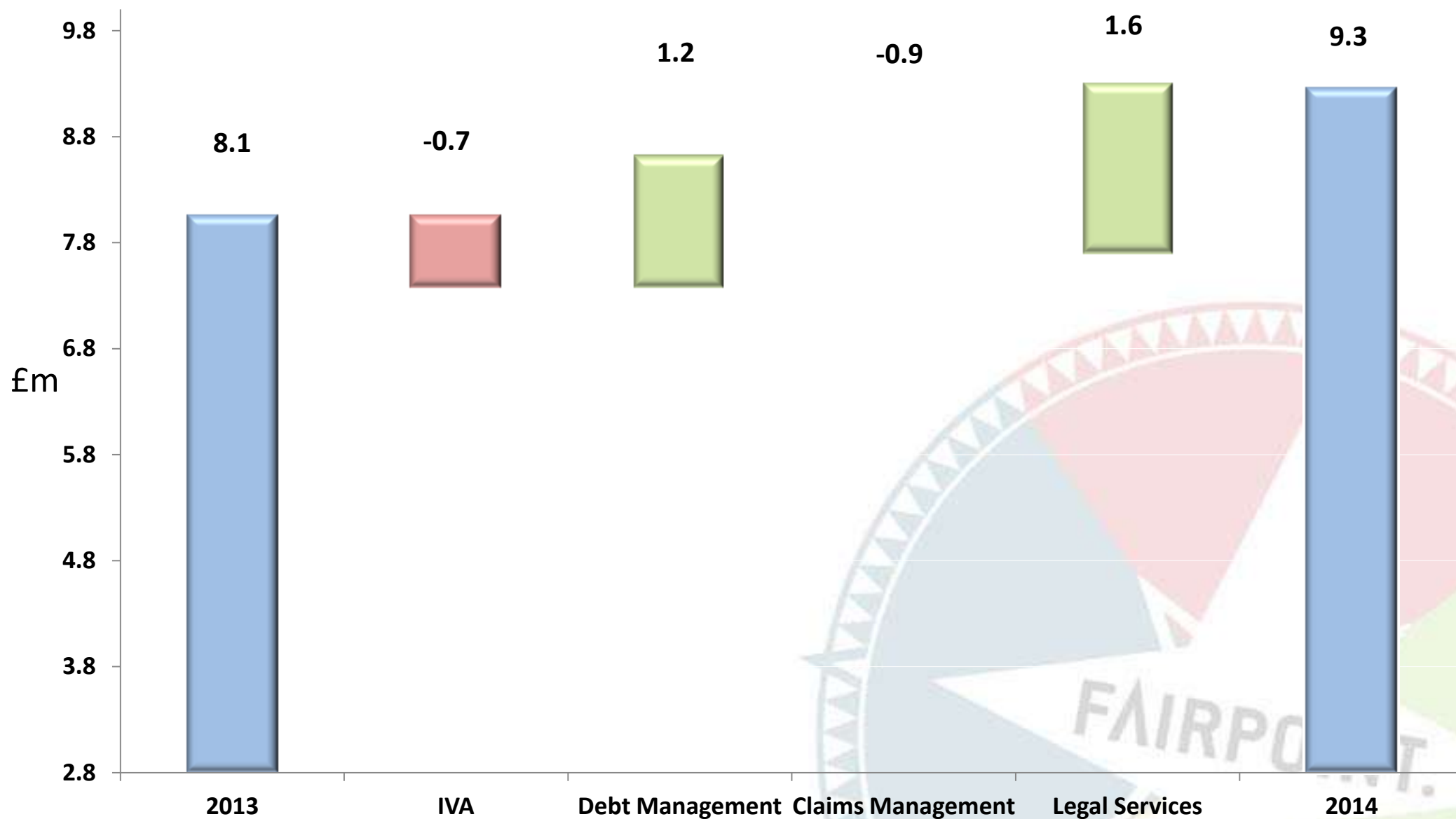
£m	31 Dec '14	31 Dec '13
Revenue	38.3	28.4
Gross profit	20.3	15.1
Adjusted profit before tax	9.3	8.1
Profit before tax	3.4	5.9
Adjusted basic EPS	17.17p	15.03p

- Strong revenue growth from acquisitions in Legal Services and DMP
- Adjusted profit before tax up by 15% to £9.3m (2013: £8.1m):
 - Adjusted for amortisation of acquired intangible assets of £3.3m (2013: £1.6m) and exceptional charges of £2.5m (2013: £0.6m)
- Finance costs of £0.5m (2013: £0.3m)
- Effective tax rate on adjusted PBT of 19.8% (2013: 21.0%)
- Adjusted basic EPS of 17.17p (2013: 15.03p), up by 14.2%
- Proposed final dividend of 4.10p, giving total dividend of 6.4p, up 7%

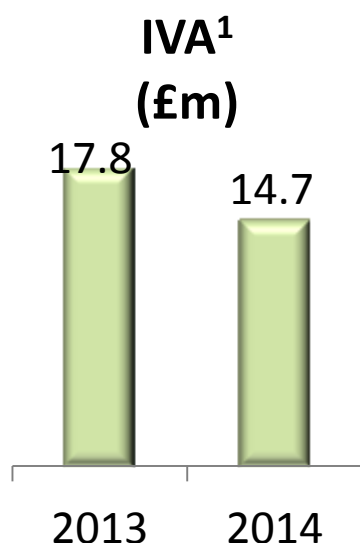
Revenue bridge



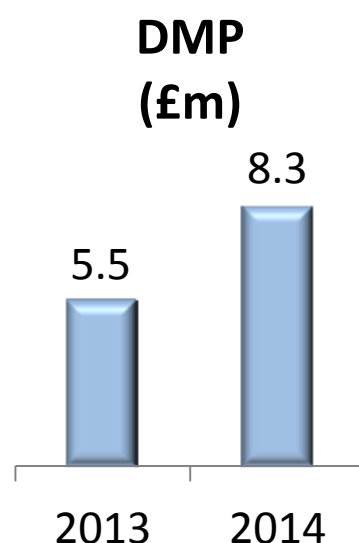
Adjusted profit bridge



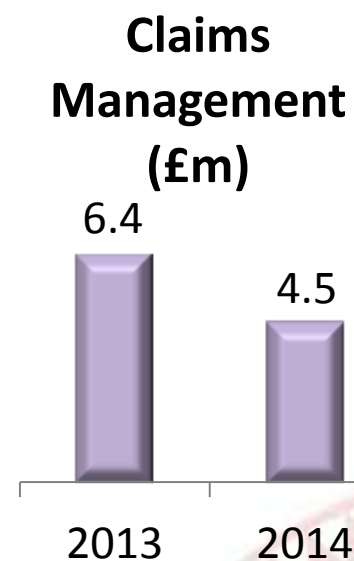
Segment summary – revenue



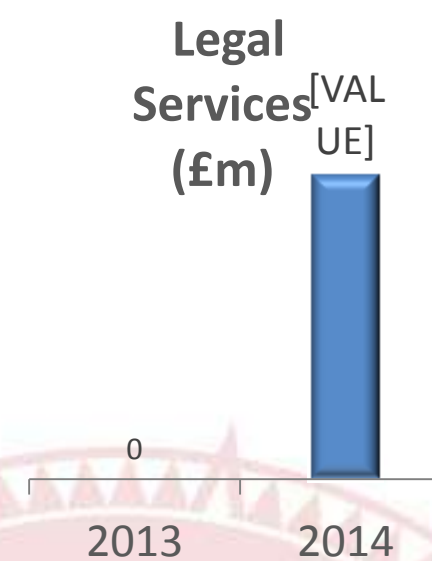
- 2,716 new cases (2013: 4,491)
- Average gross fee per new case £3,437 (2013: £3,239)
- 17,628 fee paying cases under management (2013: 19,337)



- Acquisition of three back books adding nearly 17,000 cases
- 25,462 cases under management (2013: 15,688)



- Claims levels from existing IVA clients reaching maturity
- Claims from DMP portfolio gaining momentum

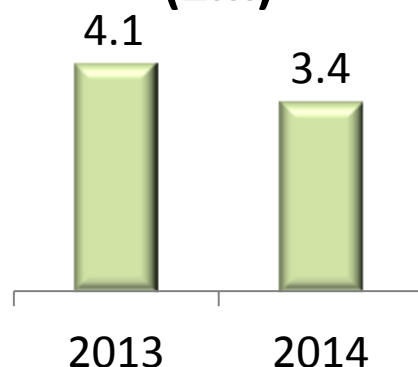


- Acquisition of Simpson Millar completed 16 June 2014
- Further acquisition of Bristol based family law specialists in July 2014

¹ Includes unwind of discount of £2.3m (2013: £3.1m) less bad debt charge of £1.2m (2013: £1.7m)

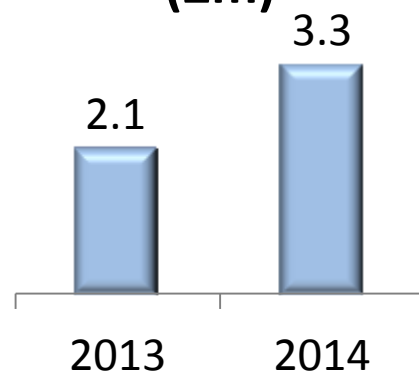
Segment summary – adjusted PBT

**IVA
(£m)**



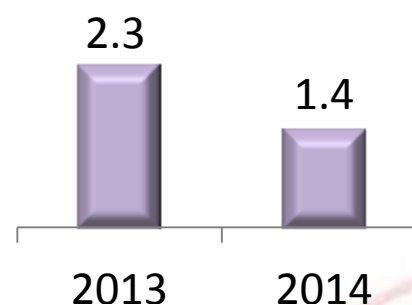
- Focus on cost control has ensured margins maintained

**DMP
(£m)**



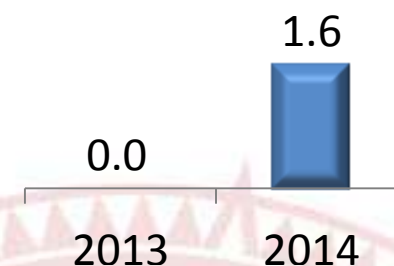
- Margin improvement due to economies of scale
- Growth largely driven by acquisition agenda

**Claims
Management
(£m)**



- Revenue reduction impacted profitability
- 'Writefully Yours' brand being further developed
- Simpson Millar expected to support more sustainable claims activity

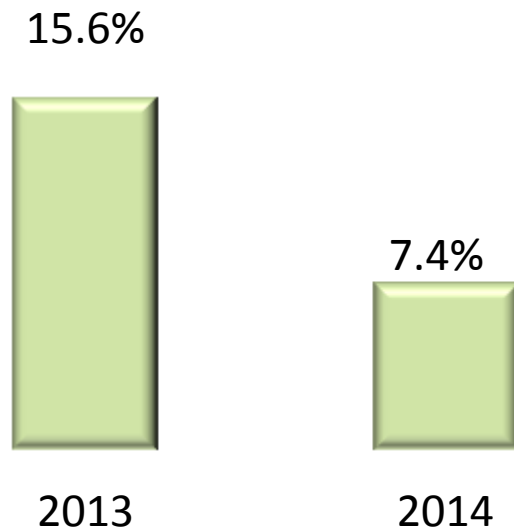
**Legal
Services
(£m)**



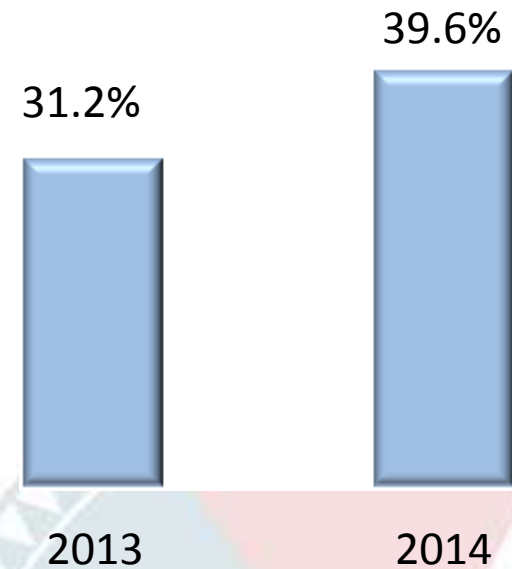
- Strong maiden contribution from Simpson Millar
- Good progress made on integration planning (sales, marketing and support services)
- Establishing Group platform

Operational efficiency

**Marketing
(% of revenue)**



**Other direct costs
(% of revenue)**



- Continued focus on cost efficient marketing and cost control
- Other direct costs increase reflects first time inclusion of Legal Services
- Overall, direct costs maintained at 47% of revenue (2013: 47%)

Balance sheet

£m	31-Dec-14	31 Dec '13
Property, plant & equipment	1.2	1.0
Goodwill	16.8	12.0
Other intangible assets	17.4	7.3
Trade receivables & amounts recoverable on IVA	8.3	-
Total non-current assets	43.7	20.3
Trade receivables & amounts recoverable on IVA	15.3	23.7
Other current assets	9.0	2.2
Cash	2.4	2.9
Total assets	70.4	49.1
Equity & reserves	46.2	43.8
Non-current financial liabilities	9.3	-
Deferred tax	1.3	0.2
Contingent consideration	2.2	-
Deferred consideration	0.1	-
Total non-current liabilities	12.9	0.2
Trade and other payables	7.7	4.3
Current financial liabilities	0.6	0.1
Contingent consideration	2.4	0.0
Deferred consideration	0.3	0.0
Corporation tax	0.3	0.7
Total current liabilities	11.3	5.1
Total equity and liabilities	70.4	49.1

- Acquisition of Simpson Millar has introduced the following net assets:

	£m
Goodwill	4.8
Tangible and intangible assets	5.6
Trade receivables	1.6
Unbilled income	5.0
Cash	0.7
Trade and other payables	(3.8)
Deferred and current tax	(1.1)
Total net assets	12.8

- Simpson Millar acquisition satisfied by £6.1m of cash (funded by new facility), £2.0m in new shares and contingent consideration of £4.6m
- Contingent consideration of up to £6m dependent on financial performance of Simpson Millar over two years ending June 2016 and funded 50% in cash and 50% in shares

Cash flow

£m	31 Dec '14	31 Dec '13
Operating	5.7	6.0
- Operating pre exceptional items	7.3	6.6
Investing	(13.4)	(2.7)
Financing	7.2	(2.3)

- Operating includes:
 - Outflows associated with exceptional costs of £1.6m
 - First time working capital outflows associated with Simpson Millar LLP of £1.3m
 - Simpson Millar working capital days of 140
 - Tax payments reduced by £1.2m
- Investing includes:
 - £12.6m of acquisitions, three corporate entities and one DMP back book (2013: £1.9m)
- Financing includes:
 - £2.6m dividends paid (2013: £2.4m)
 - Repayment of PNC facility and refinancing with AIB

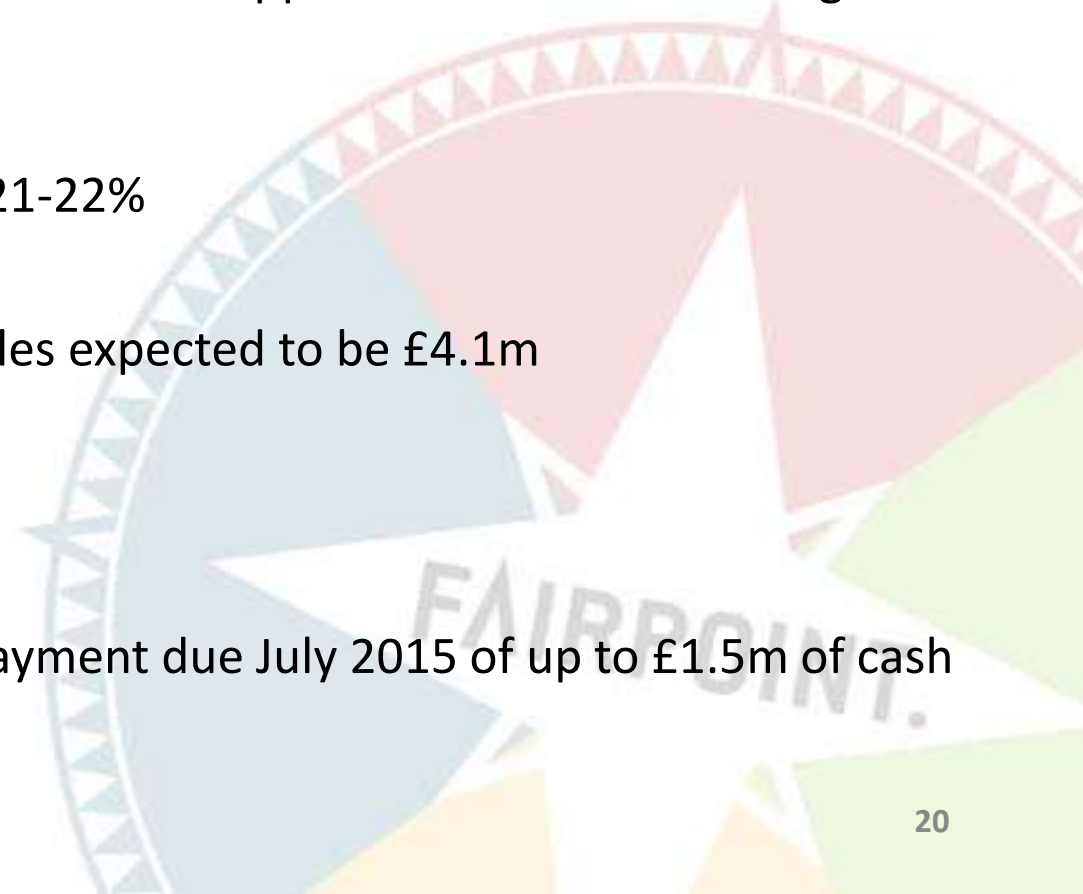
Debt position and facilities

£m	31 Dec '14	31 Dec '13
Principal bank debt	(10.0)	-
Cash	2.4	2.9
Net bank (debt) cash	(7.6)	2.9
Other asset related finance	-	(0.1)
Net (debt) cash	(7.6)	2.8

- New 5 year £20m banking facility signed with AIB, comprising £12m revolving credit facility and an £8m term loan:
 - £5m of term loan repayable during 5 year term
 - £3m repayable at end of 5 year term
- Replaces £13m asset based PNC facility which was due to expire April 2016
- Refinancing incurred one-off legal, professional and other charges of £0.5m
- Movement in net debt during the period reflects £12.6m cash investment in Simpson Millar and three DMP back books
- EBITDA to debt ratio 0.7x
- Ample capacity for further acquisition activity

Financial trends

- Segmental trends:
 - IVA segment – expected to remain challenging with focus on efficiency
 - DMP segment – potential for further consolidation
 - Claims management – continuing important contribution expected as new products and services explored
 - Legal services – platform has been established with opportunities for further organic and acquisition growth
- 2015 full year effective tax rate expected to be 21-22%
- 2015 full year amortisation of acquired intangibles expected to be £4.1m
- Final dividend of £1.7m payable in June 2015
- First Simpson Millar contingent consideration payment due July 2015 of up to £1.5m of cash and £1.5m in shares

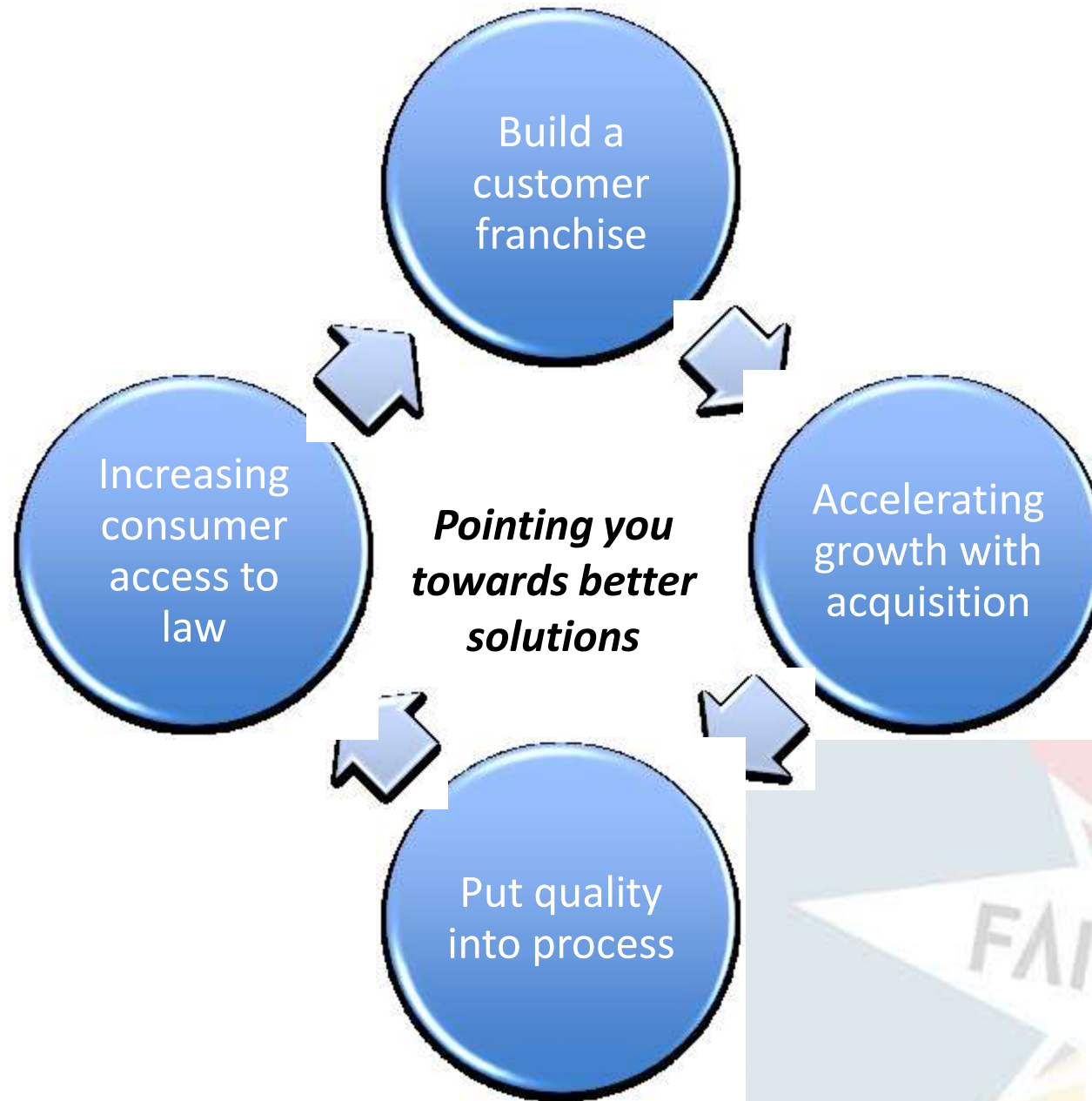


Prospects for 2015

Chris Moat

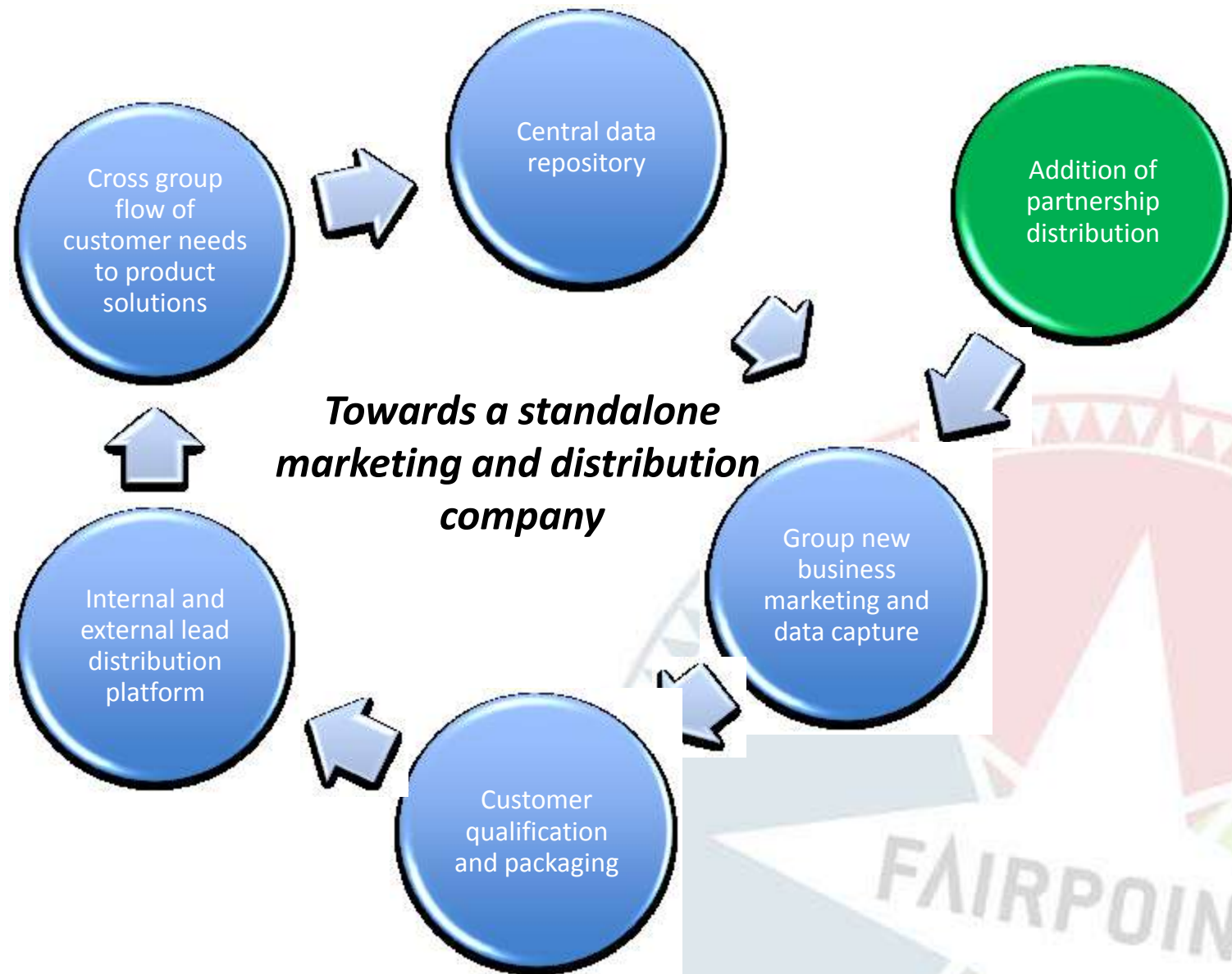


Mission & strategic themes



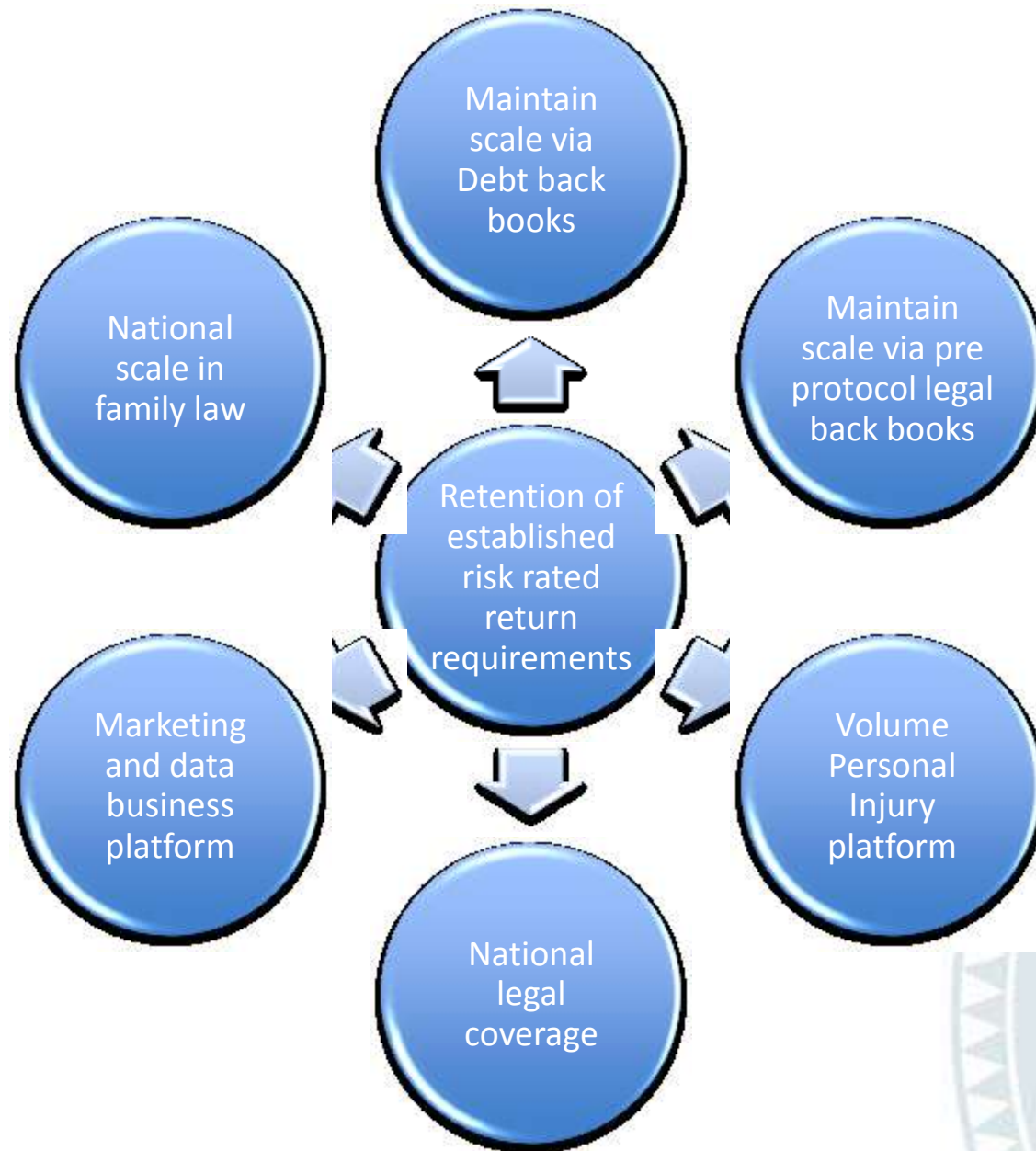
A consistent strategy for an enlarged Group

Build a customer franchise



Better value marketing investment

More consolidation options



Key influences:

- Fit with target operating model
- Consolidation opportunities
- Regulatory landscape
- Competitive field
- Cash flow profile of targets

Accelerating the organic agenda through acquisition

Putting quality into process



Process drives predictability of cost, service and consumer price

Increasing consumer access to law

Unlocking latent demand for law

Growing the range of fixed rate products
Conditional fee arrangements
Contingent fee arrangements
... to compliment time based work in traditional markets

Marketing law 'v' lawyers' marketing

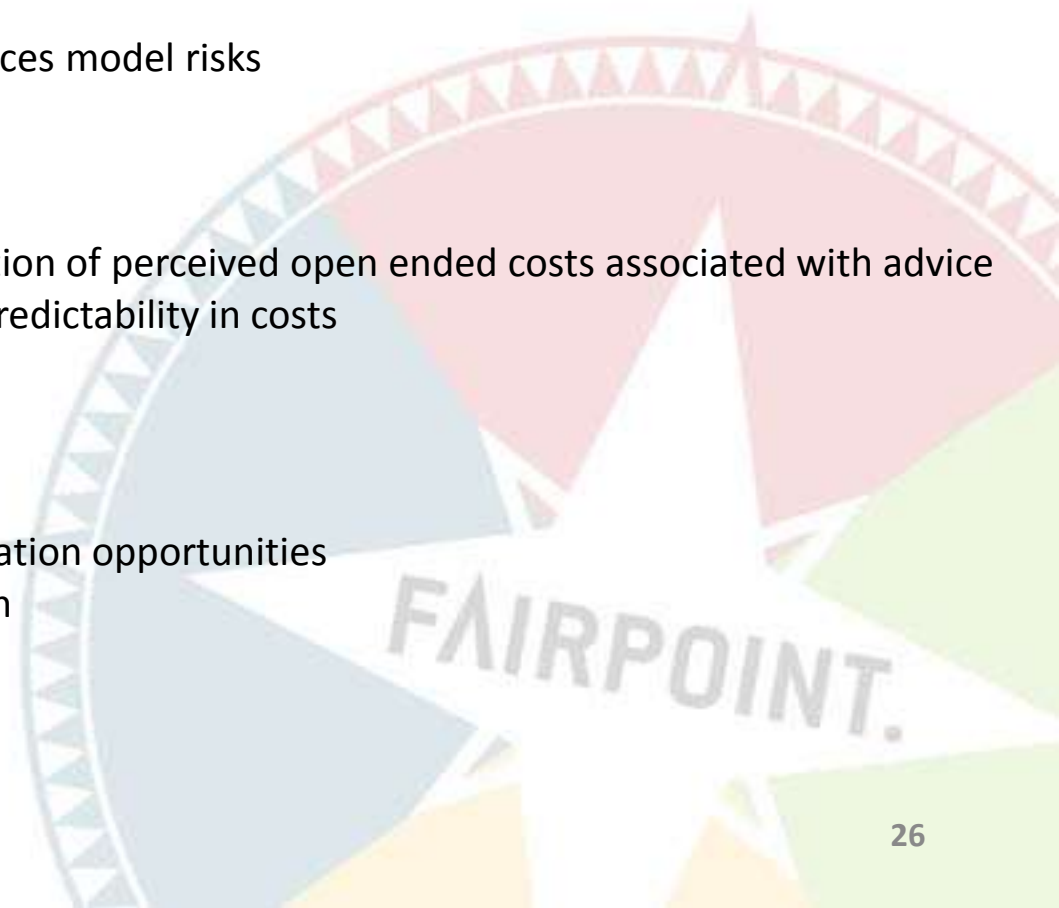
Securing a route to market using marketing channels
Focusing lawyers on law
Reducing classic professional services model risks

Process to create propositions

Unlocked latent demand is a function of perceived open ended costs associated with advice
Lack of process results in lack of predictability in costs

Driving towards scale

Substantial availability of consolidation opportunities
Scale will drive process costs down

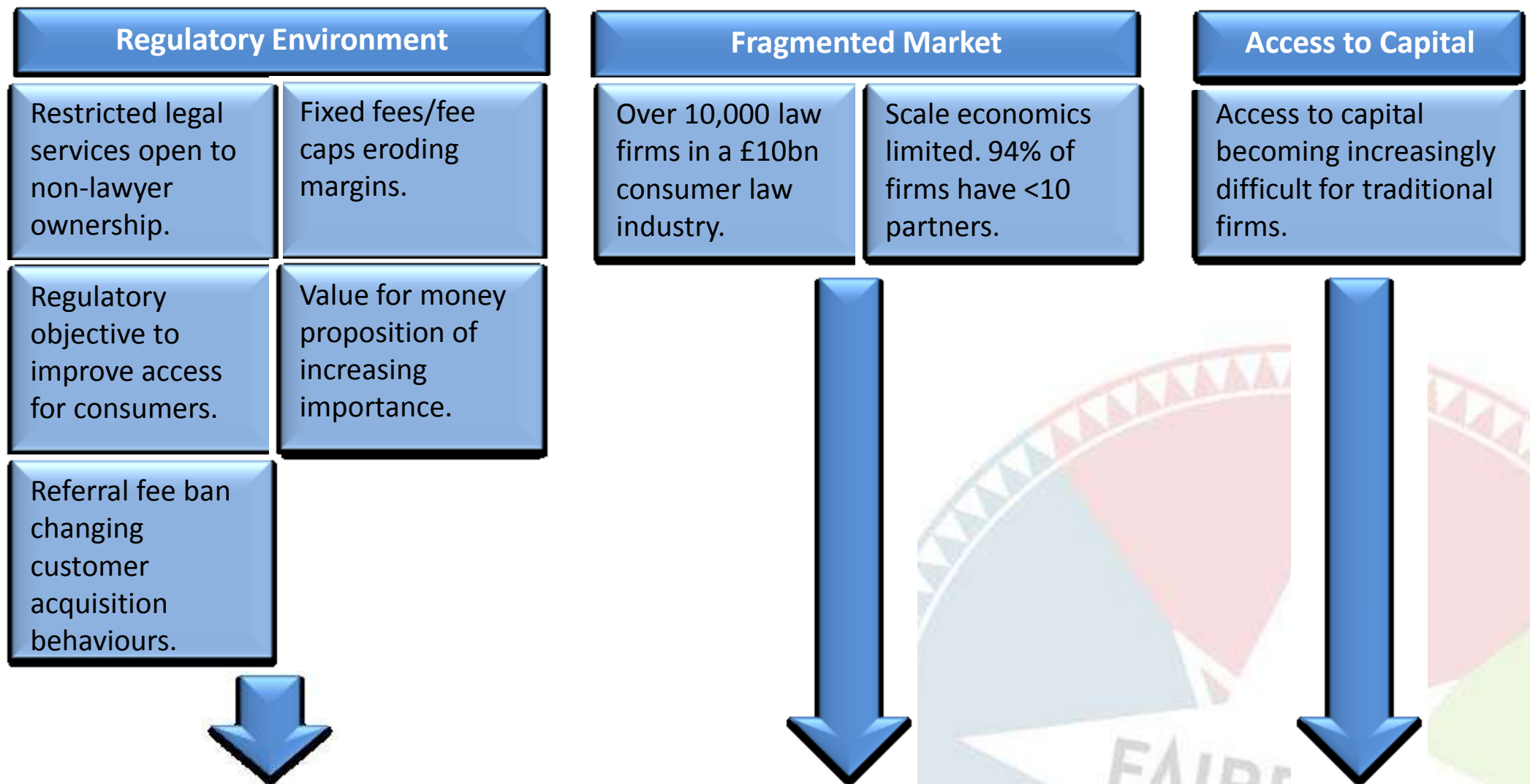


Increasing consumer access to law

Peter Watson



Fragmented market a catalyst for change



- ⇒ The regulatory environment is driving consolidation
- ⇒ New entrants with new business models are key to achieving the consumer objective
- ⇒ Legal services 2.0 requires efficiency, delivery innovation and change acceptance

Accelerating progress with Fairpoint

Success achieved through:

- **a clear direction**, supported by
- **innovative operations** underpinned by
- a real focus on **quality of service and skills**

Clear direction

- Anticipating market opportunities and threats through creation of a full service Legal business
- Progressive and innovative approach to operational processes
- Solid organic growth in addition to a number of business and WIP acquisitions
- Ethical and progressive culture

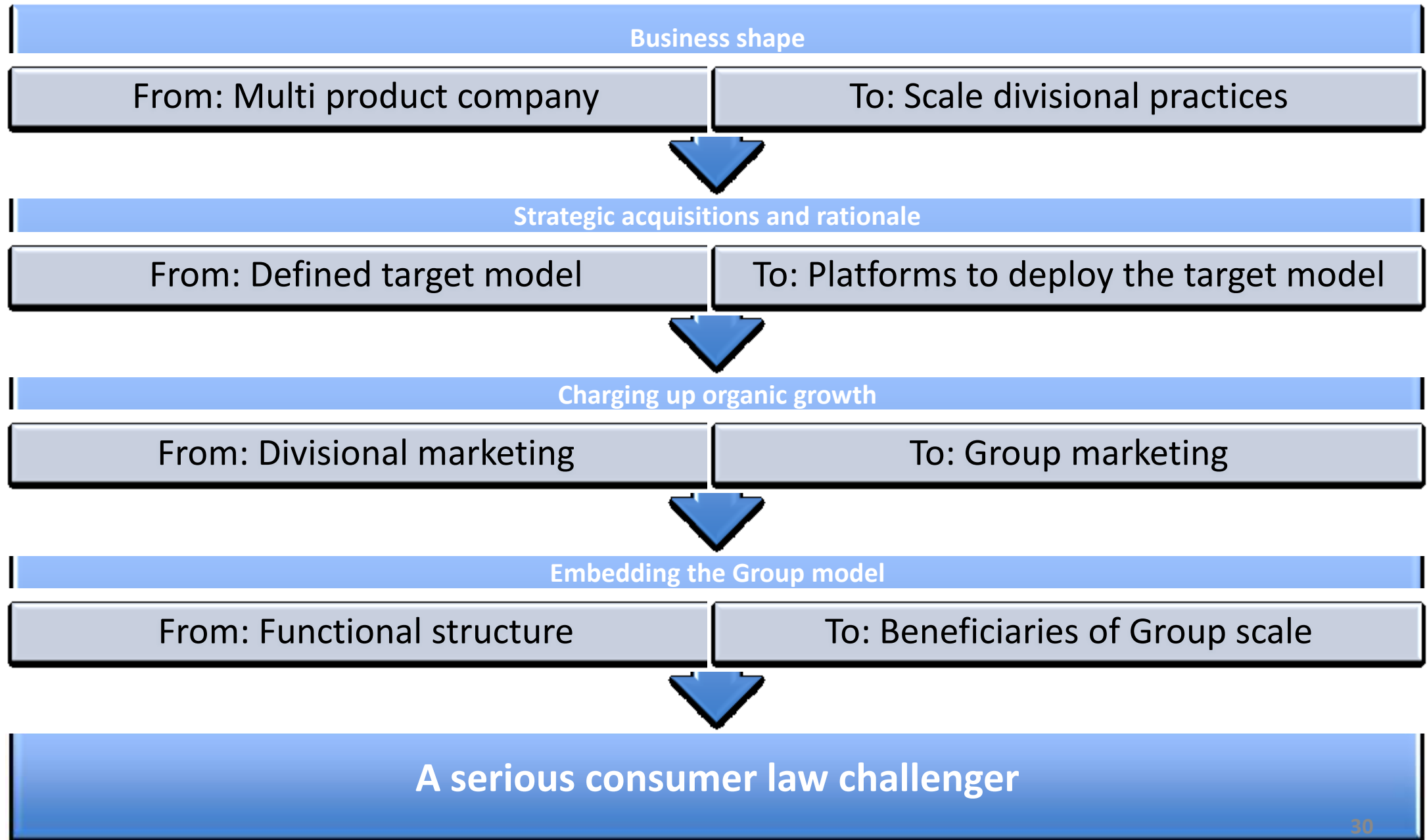
Innovative operations

- Sector leading digital marketing platform
- Call centre sales team
- Case management technologies
- Volume wills production software
- Spoke and hub structure with Leeds at the centre
- Vertical integration – medical reporting, financial services, costs drafting

Quality of service and skills



Building the platform for growth



Integration: an encouraging start

Unlocking latent demand

Over 40 fixed fee products
Conditional fee products e.g. personal injury, clinical negligence
Contingent fee products e.g. care home claims
On the clock facility for markets requiring more complex support

Marketing law 'v' lawyers' marketing

Campaign management software developed
Centralised helpline established
Digital marketing platform in place

Process to create propositions

Process in place for fixed fee products
Route map to extend to additional products in development
Group approach being leveraged

Driving towards scale

Substantial divisional and group experience of acquisition
Good recent progress of H2 acquisitions and integration
Key strategic gaps identified
Market consolidation activity presenting opportunities



Summary and questions

Chris Moat



Investment Summary

- Participation in highly specialised markets with attractive margins, low capital intensity and strong cash generation
- Market leading positions being established in highly fragmented markets ripe for consolidation
- Strong competitive positioning with robust barriers to entry
- Transitioning from diversification and cost management strategy to growth
- Strong financial position with new enlarged long term bank facilities to fund growth
- Attractive and growing dividend
- Growing momentum and confidence

**Strong start to 2015 with benefit of acquisitions
and continued tight cost control**



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