ICG plc
2012 interim results

21 November 2012

Highlights

Operational Performance

- AUM up 6% to €12.1bn; third party AUM up 5% to €9.1bn thanks to the highly successful fundraising of ICG Europe Fund V
- Positive momentum in new products
- Portfolio broadly resilient in difficult economic environment but weaker assets are underperforming
- IC new investments of £157m; repayments of £52m

Financial Performance

- Fund Management profit flat at £17.2m (£17.1m in H1 12)
- Investment profit of £22.4m, down 76% primarily due to provisions on 2 large assets
- Group profit before tax of £39.6m, down 64%

Market update

Investment market update

ICG offer adapted to sharp regional contrasts

Europe: Opportunistic

- Long recovery; low inflation and interest rates
- Lack of debt ; CDO run off
- Low LBO volumes
- Refinancing issues and sponsorless opportunities

Opportunistic mezzanine funds

Direct lending & debt funds

Real estate debt & mezzanine funds

US: Dynamic

- Slow but secure recovery
- Greater diversity of lenders, strong CDO market
- Pragmatic view of valuation and competitive tension
- LBO volume recovering

Mezzanine for LBOs

CLOs & Debt funds

Asia Pacific: Attractive

- China's policy driving strong regional growth
- Less financing problems but some concentration issues. No institutional lenders
- LBO market remains strong
- Attractive sponsorless market

Mezzanine for LBOs

Sponsorless – Growth Capital

Debt funds

Fundraising market update

Quest for yield favours established debt managers

Drivers

- Uncertainty over economic growth/currencies
- Investment upside difficult to ascertain
- Equity might be cheap but is it borne out by low growth prospects?
- Focus on downside risk
- Yield is seen as offering better protection of returns
- Traditional fixed income asset classes offer low yield

Attraction of debt products with higher yield

Manager Selection

- Consolidation of relationships
- Track record is paramount
- Credibility/sustainability of strategy
- Experience of team
- Complex mandates
- Operational/compliance platform matters
- Flight to quality

Favours established players and consolidation

Fund Management

Priorities for FY 13

Good progress towards objectives in H1

FY13 Priorities	Update
Mezzanine	
Final close on ICG Europe Fund V	Final close in H2 – already above target with €2.3bn of commitments
Launch of Asia Pacific successor fund	FY14
Launch of ICG Longbow successor fund	First close expected in H2
CFM	
Launch of Senior Debt Partners fund	First close expected in H2
Open ended funds	Building track record
Segregated mandates	Increased size of existings
US strategy	Hired Sal Gentile – developing strategy for mezzanine and senior debt

Fund management – mezzanine

ICG Europe Fund is a success

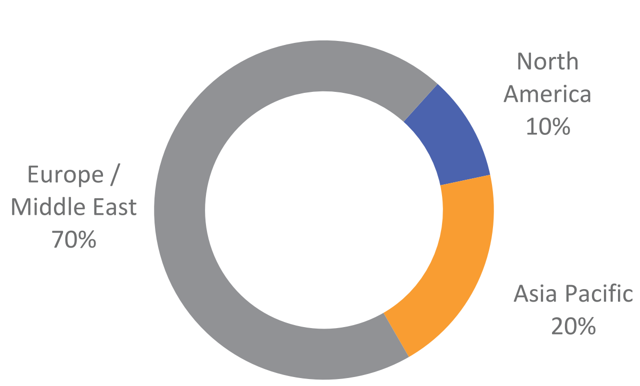
- Received €1.8bn of third party commitments (and €500m from ICG)
  - of which €995m is included in the September AUM number
- Final close in H2
- €300m above target already despite difficult fund raising environment
- Third party commitments 50% above that of Fund IV (ICG European Fund 2006)
- Close to “hard-cap” of €2.5bn
- Success due to strong track record and improved distribution

Fund management – mezzanine

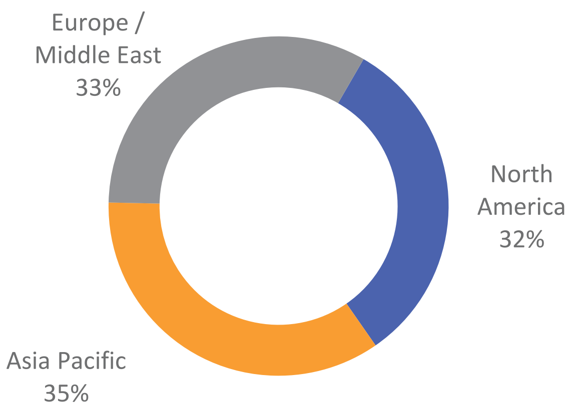
Well balanced investor base by geography

- Geographically balanced LP base
- Investment in Asian and US distribution delivered early results
- Strong base for future US and Asian funds

ICG European Fund 2006: Geography



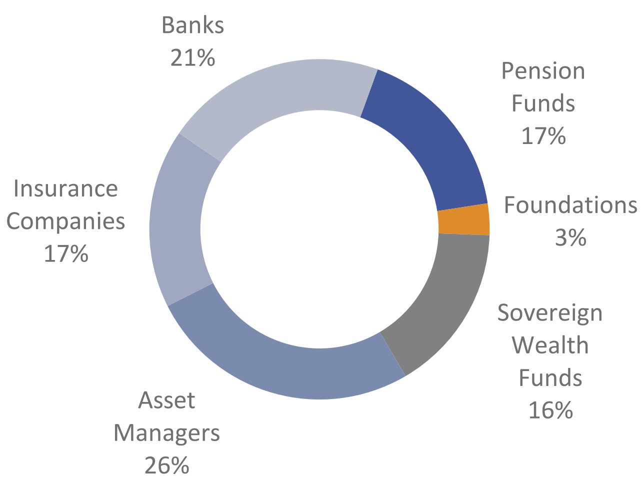
ICG Europe Fund V : Geography



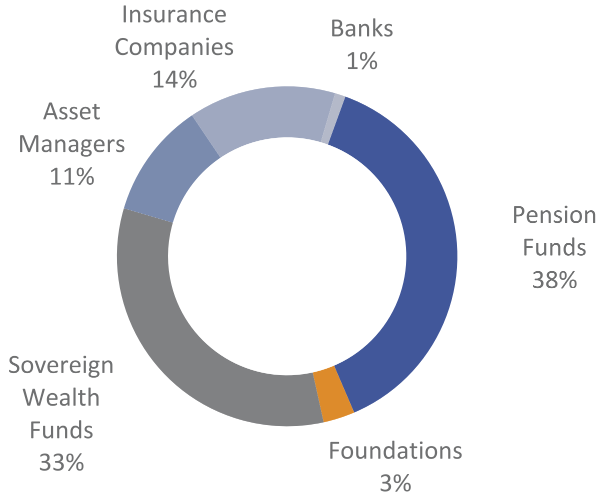
Fund management – mezzanine
Well balanced investor base by investor type

- Replaced banks with more long-term investors: pension funds, sovereign wealth funds
- Maintained insurance base
- More “sustainable” LP base
- Strong investor base for other credit products

ICG European Fund 2006: Type



ICG Europe Fund V: Type



Fund management – mezzanine
ICG Europe Fund V – strong pipeline

- Investment strategy has evolved to reflect changes in market
  - Sponsored mezzanine
  - Sponsorless transactions
  - Stressed sellers
- Pricing highly favourable
- Fund 17% invested in 4 transactions with strong pipeline

Investment	Country	Deal Type	Expected Returns
BUREAU VAN DIJK	Benelux	Sponsored	2.1x
Riverland	UK	Stressed	1.6x
esmalglass·itaca grupo	Global	Stressed	1.6x
SYMINGTON'S	UK	Sponsorless	2.0x

esmalglass·itaca grupo

Transaction description

- A leading global producer of pigments for the ceramic tile industry
- Headquartered in Spain but a truly global business with significant emerging market exposure and negligible Spanish revenues
- €262m of sales in 2011 and EBITDA of €40m
- ICG underwrote the full €105m Private Senior Loan (PSL) and €6.6m of equity at a historically low entry valuation to support the secondary buyout of Investcorp from 3i

Investment rationale

- Leading position in every segment. Leader in design, innovation, technical support and customer service. Strong, experienced and committed management team, highly regarded in the industry
- Geographical diversification with large presence in high growth areas
- Industry leading profitability margins
- Solid cash flow generation throughout the cycle
- Attractive valuation and low leverage multiples
- Very attractive risk-reward profile: senior secured PSL, richly priced and with a relatively “low” leverage
- Expected 3-year blended return is 16.8% IRR, 1.6x MM

ICG’s value added

- ICG local team knew asset well (prior DD) and identified opportunity early
- ICG has a longstanding relationship with sponsor and approached the sponsor with a credible financing option
- Lending market in Spain is shut. This market dislocation created an attractive opportunity for us. We were retained as the preferred financing solution. The PSL product was significantly more expensive than alternative financing but provided certainty and additional financing flexibility

	Notional amount €m	%	LTM EBITDA x
ICG Private Senior Loan	105	54	2.4x

Fund management – mezzanine

Update on other funds

US

- Hired new Head of the US
- Strengthening team
- Launch of Fund I expected in Q4 FY13

Asia Pacific

- Funds I and II continue to perform strongly
- Fund II is 61% invested following the SCF transaction with a strong pipeline
- Launch of Fund III expected in H1 14

ICG Longbow

- Strong performance of Fund II raised in 2010 (£242m of commitments)
- Fully invested in 15 deals 17.4% IRR ; 10.8% cash yield
- Launched Fund III, expecting first close in H2, target of £500m
- Exploring options in senior debt

Fund management – credit funds

Managed accounts inflows drive AUM growth

CFM third party AUM up 3% as CLO run off of €130m in H1 more than offset by inflows in new products, particularly in managed accounts

4 managed accounts with €342m of AUM, up by €186m in H1

- Encouraging pipeline for managed accounts

Pooled Funds

- Total Credit Fund launched on 13 July; up 6.3 % to date
  - received first 3rd party commitment
- HY up 16% YTD and 35% since inception on 31/12/2009
  - raising AUM remains a challenge given competition with market giants but performance starting to trigger interest, 3 yrs track record complete at 31/12/12 should unlock door to consultants
- SDP launched, expecting 1st close in H1 13 calendar, already received 2 commitments;
  - Fund target size of €500m
  - completed 1 investment to demonstrate execution capability – material pipeline

Investment company

Investment Company

Positive net new lending

New Investments

- 5 transactions in the period
  - 3 in Europe alongside ICG Europe Fund V
  - SCF in Asia Pacific, Convergint in US
- New lending of £157m (£122m in FY12)
- Deep pipeline across geographies

Exits

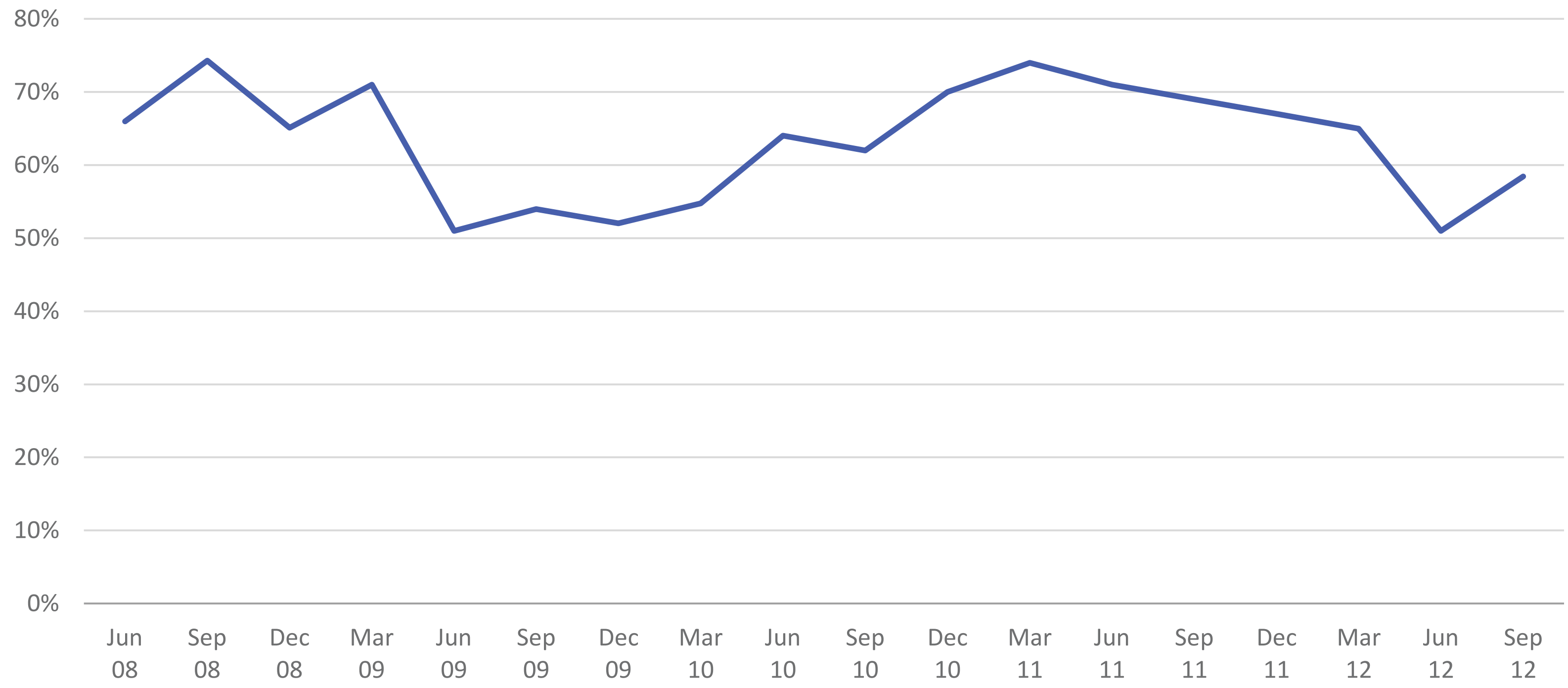
- Slowdown in exits due to economic environment and less liquidity to support new transactions
- Repayments of £52 million
- Delay will positively impact money multiples

Net new lending of £105m, following two years of balance sheet reduction

IC portfolio

Performance vs. prior year shows resilience

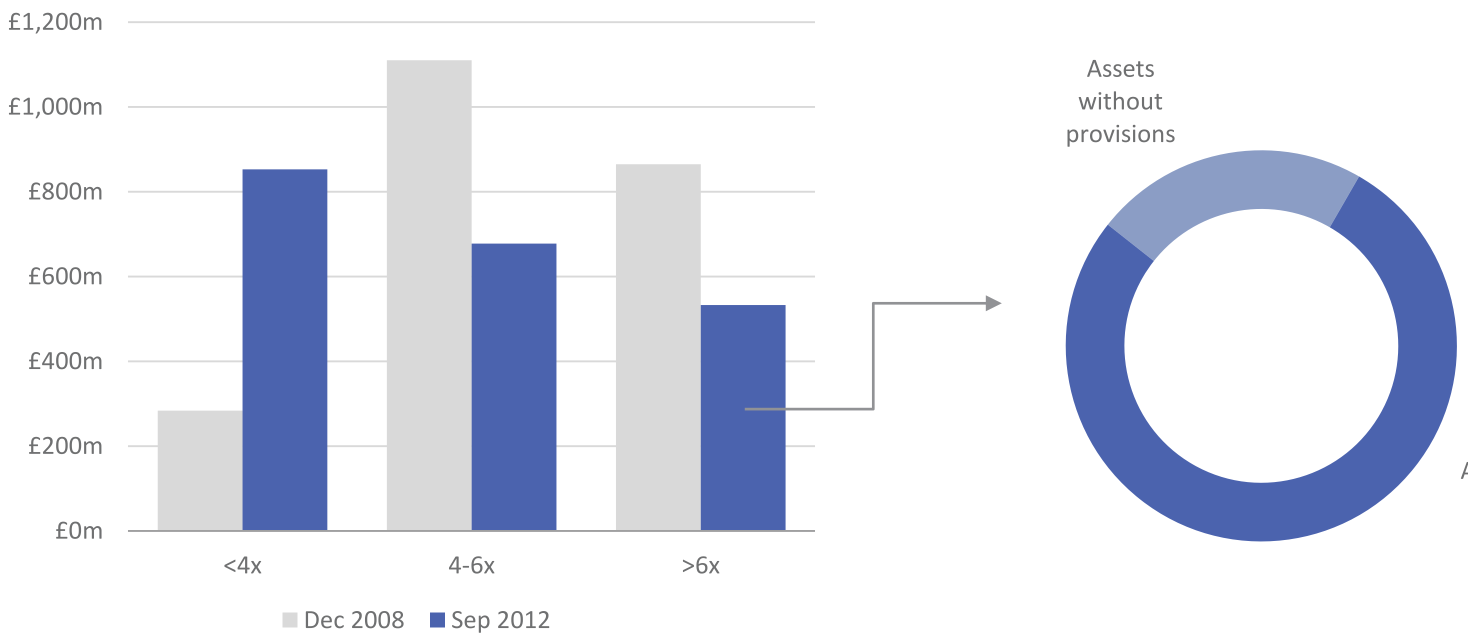
% of assets performing at or above prior year



- Low of 52% in June due to strong H1 11 comparables, currently 58% above or at last year’s level; 62% on a weighted basis

Investment portfolio leverage

Significant de-risking since crisis



- Significant de-risking of the portfolio since 2008
- Average leverage reduced from 5.8x to 4.7x between 2008 and now ; and from 5.7x to 4.1x for unimpaired assets
- 77% of assets with average leverage above 6x have some level of provisions against them

Financial Review

Financial highlights

H1 negatively impacted by single names impairments

- Pre-tax profit* of £39.6m vs £108.8m in H1 12
  - FMC Profit before tax: £17.2m vs £17.1m in H1 12
  - IC Profit before tax*: £22.4m vs £91.7m in H1 12
- Third Party AUM of €9,127m vs €8,679m at 31/03/12
- Investment portfolio £2,344m vs £2,274m at 31/03/12
- £640m of debt extension and £80m 8 year retail bond issued; Balance sheet headroom of c. £442m
- Cash Core Income of £15.2m vs £63.3m in H1 12; Interim dividend of 6.3p is up 0.3p from last year

*Including £1.5m negative impact of fair value movements on derivatives held for hedging purposes; H1 12: £8.1m positive

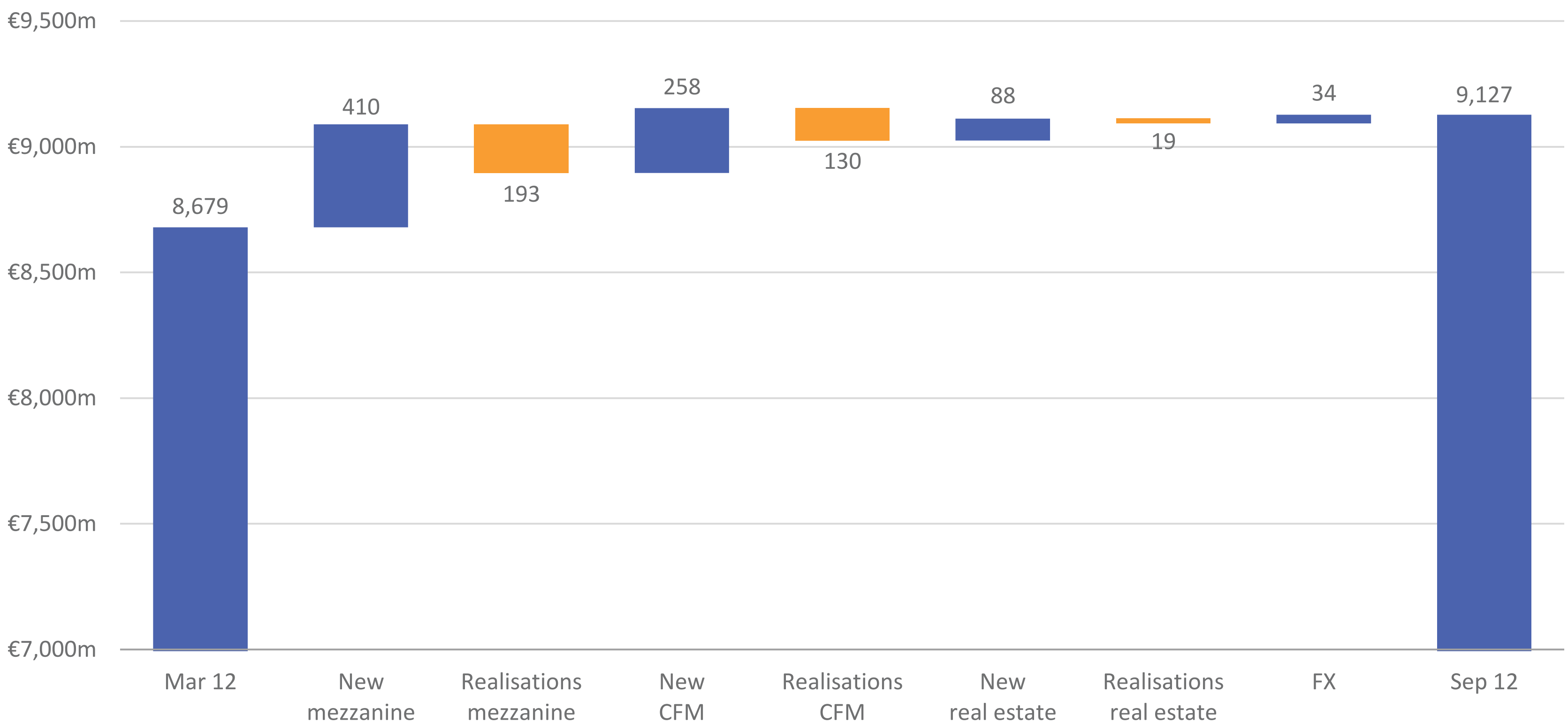
Segmental reporting

Investment	£m	H1 2013	H2 2012	H1 2012
Fund Management Company	Fee income	44.8	48.3	42.9
	Other income	0.3	0.7	2.2
	Admin expenses	(27.9)	(28.4)	(28.0)
	FM profit	**17.2**	**20.6**	**17.1**
Investment Company	Net interest income	80.0	85.0	98.5
	Div & other income	0.8	5.5	2.1
	Admin expenses	(24.1)	8.5	(26.2)
	Impairments	(64.8)	(42.2)	(28.4)
	Net capital gains	32.0	65.7	37.6
	IC profit*	**23.9**	**122.5**	**83.6**
	FVM derivatives	(1.5)	(8.1)	8.1
Group	**Profit before tax**	**39.6**	**135.0**	**108.8**

Third party AUM

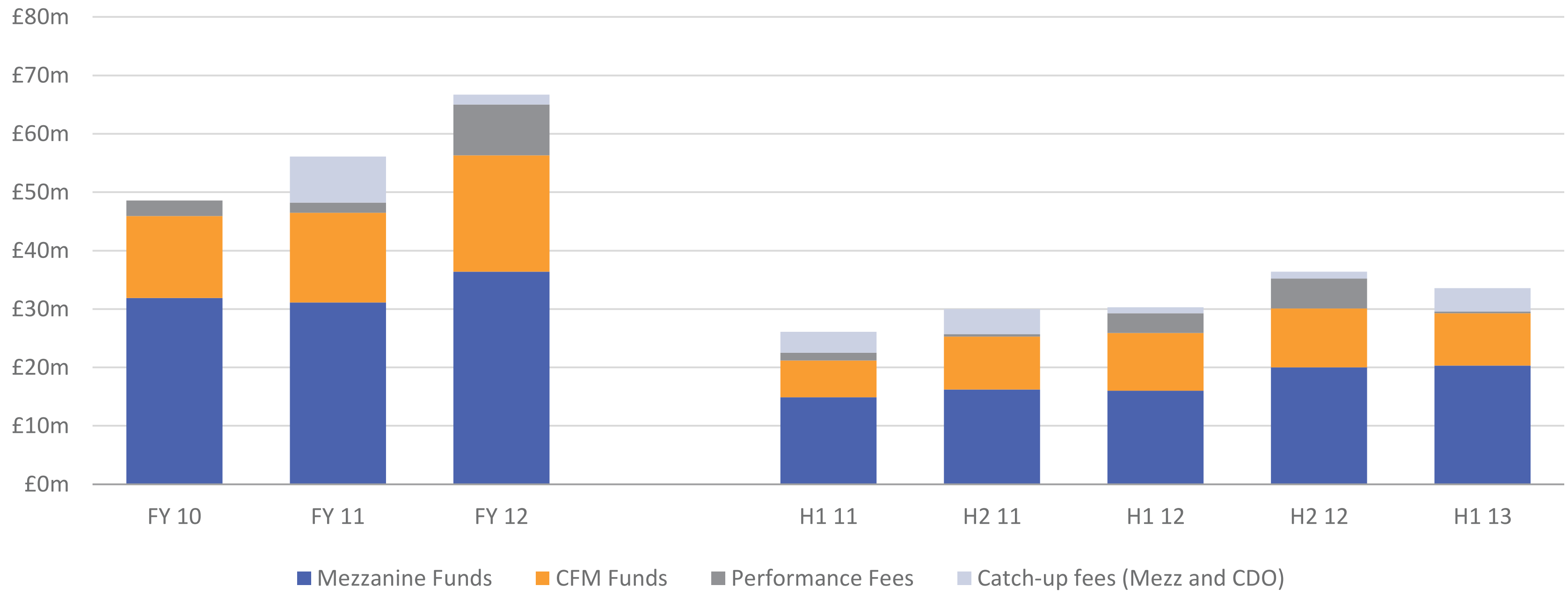
Good momentum in fundraising outstripping run-off

Third party AUM up 5% to €9.1bn due to ICG European Fund V investment and credit private mandates



Third party fee income

Continued growth in underlying management fees



- H1 13 Mezzanine Funds fee income is higher than H1 12 due to fees from Fund V, but lower than H2 12 due to £4.6m lower carried interest income
- H1 13 CFM fee income is lower than H1 and H2 12 due to lower incentive management fees and deferred fees from FY11 being recognised in FY12 which did not recur in FY13

Mezzanine & Growth Capital Funds

ICG Fund V drives fee income growth

	H1 13		H2 12		H1 12	
£m	**Mgmt Fee**	**Carried Interest**	**Mgmt Fee**	**Carried Interest**	**Mgmt Fee**	**Carried Interest**
ICG European Fund V	8.4	-	3.3	-	0.5	-
ICAP Mezzanine Fund 2008	2.7	-	2.7	-	2.6	-
Funds in Realisation *	12.0	0.3	13.6	4.9	12.9	2.1
Longbow Real Estate Fund	1.2	-	0.9	-	-	-
Total	**24.3**	**0.3**	**20.5**	**4.9**	**16.0**	**2.1**

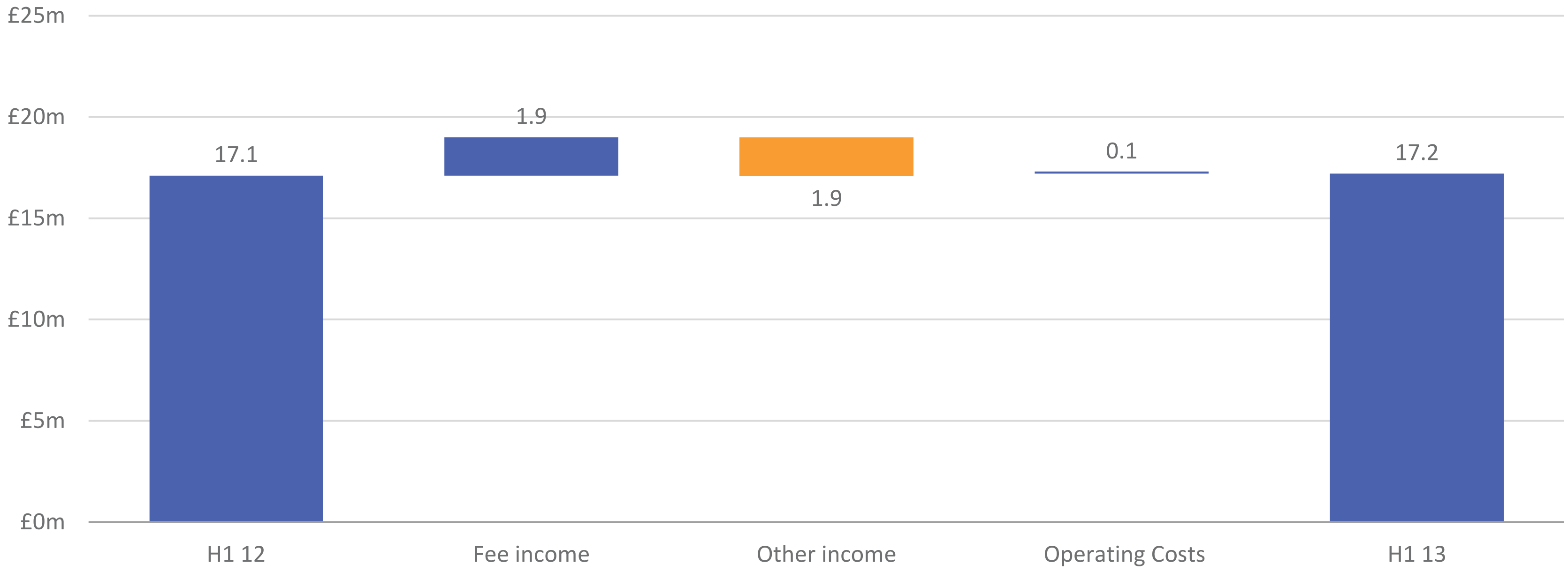
* As at 30/09/2012

- Catch up fees on Fund V recognised was £4.0m in H1 13 compared to £0.5m in H2 12. A further circa £9.4m catch up fees are expected in H2 13.
- Expected annual recurring management fees of £18m from Fund V from FY14 until the investment period
- Placement fees expense was £1m in H1 13, compared to £0.9m in H2 12

Fund Management Company

Growth in management fee offset by prior year one-offs

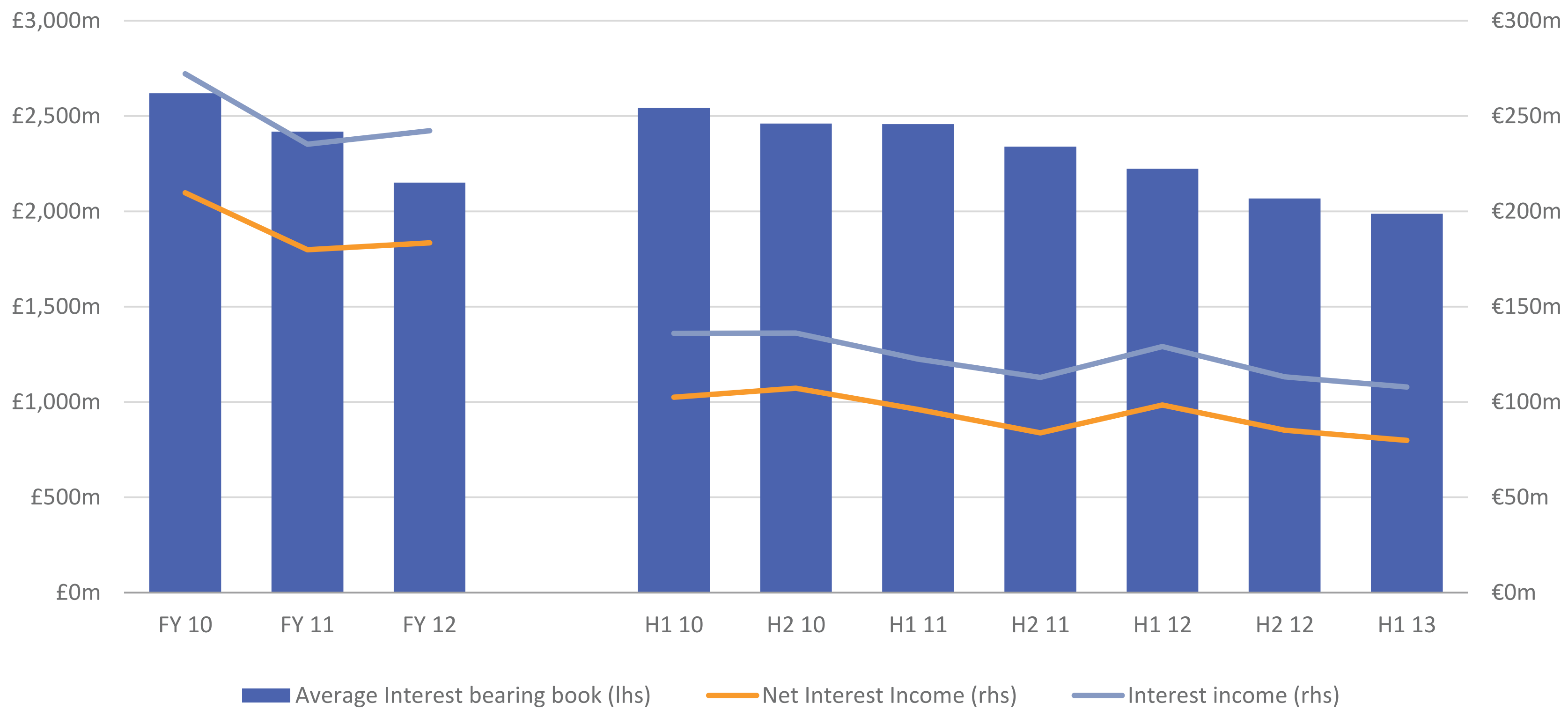
Profit before tax of £17.2m in line with prior year



- H1 13 fee income is higher than H1 12 due to catch up fees on Fund V which has been offset by decrease in old CLO run off
- Other income is lower due to lower CDO dividends which are contingent on performance of underlying assets

Net interest Income

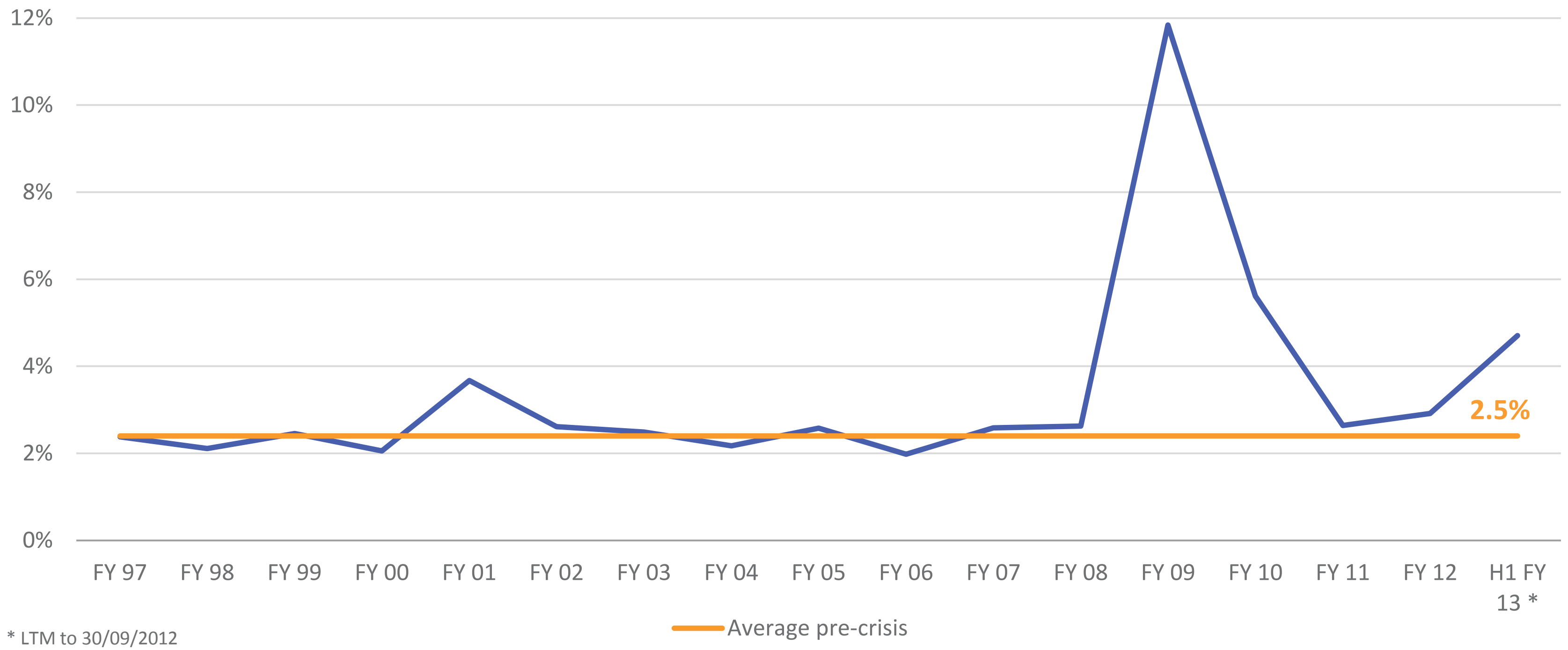
Decrease in NII driven by decrease in book size



- Net interest income moving in line with investment book
- Will benefit from positive net new lending after two years of balance sheet reduction

Long terms provisions

Net provisions impacted by single name impairments



* LTM to 30/09/2012

- Gross provisions of £86.1m, of which £70.2m relating to two large assets
- Write backs of £21.3m on two investments
- Based on today's performance, expect 2.5% for aggregate net provisions over next two years

Gains on Investments

Low level of realisations in slow market

£m	H1 2013	H2 2012	H1 2012
Realised gains	10.7	63.7	10.1
Unrealised gains	21.3	12.2	32.0
Total gains	32.0	75.9	42.1

Unrealised gains

- Fair value increase on unrealised equity investments: £22.5m
- Fair value decrease on unrealised equity investments: £1.2m

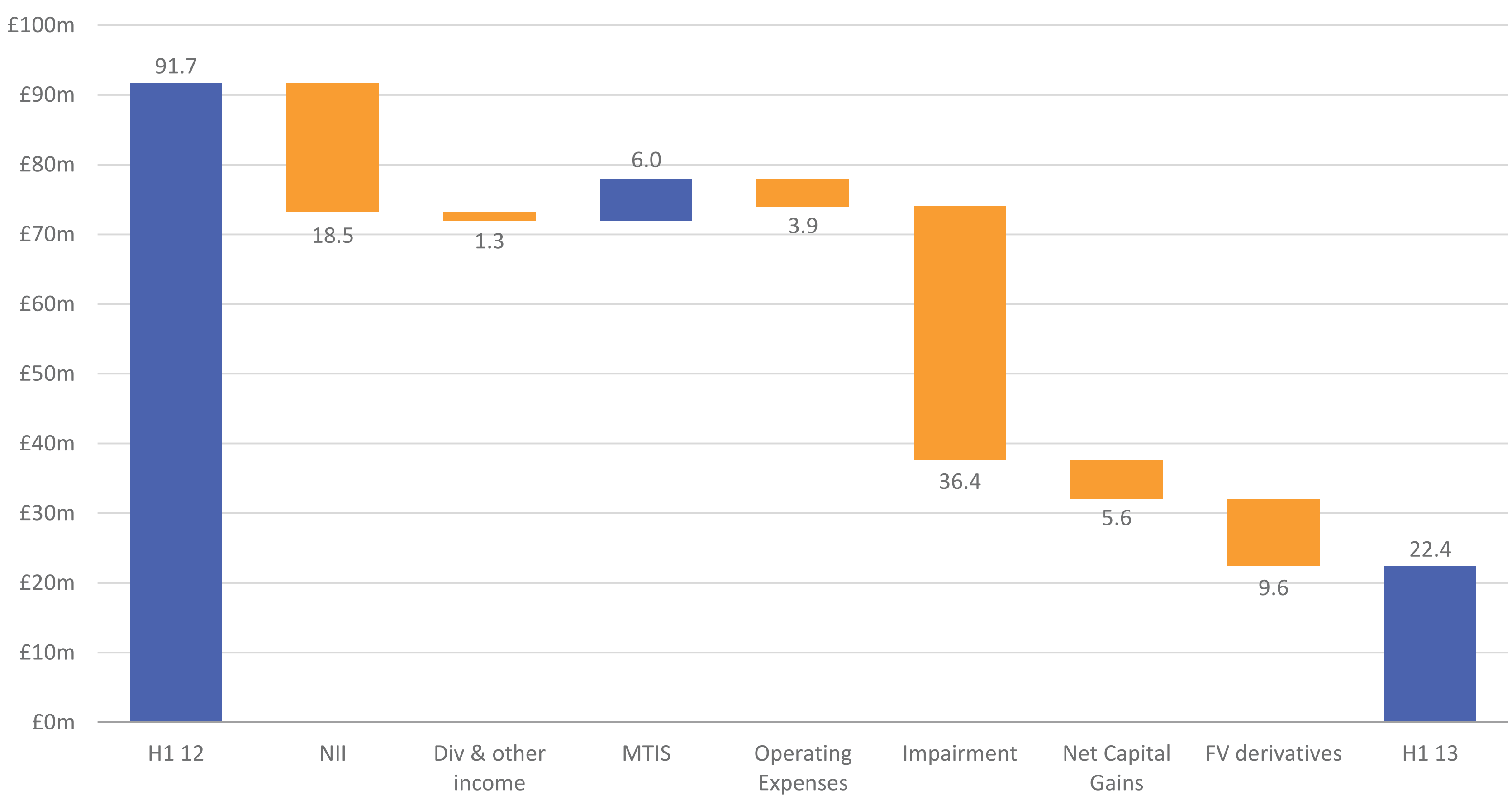
Reserves movement

- Uplift of £29.7m

Investment Company

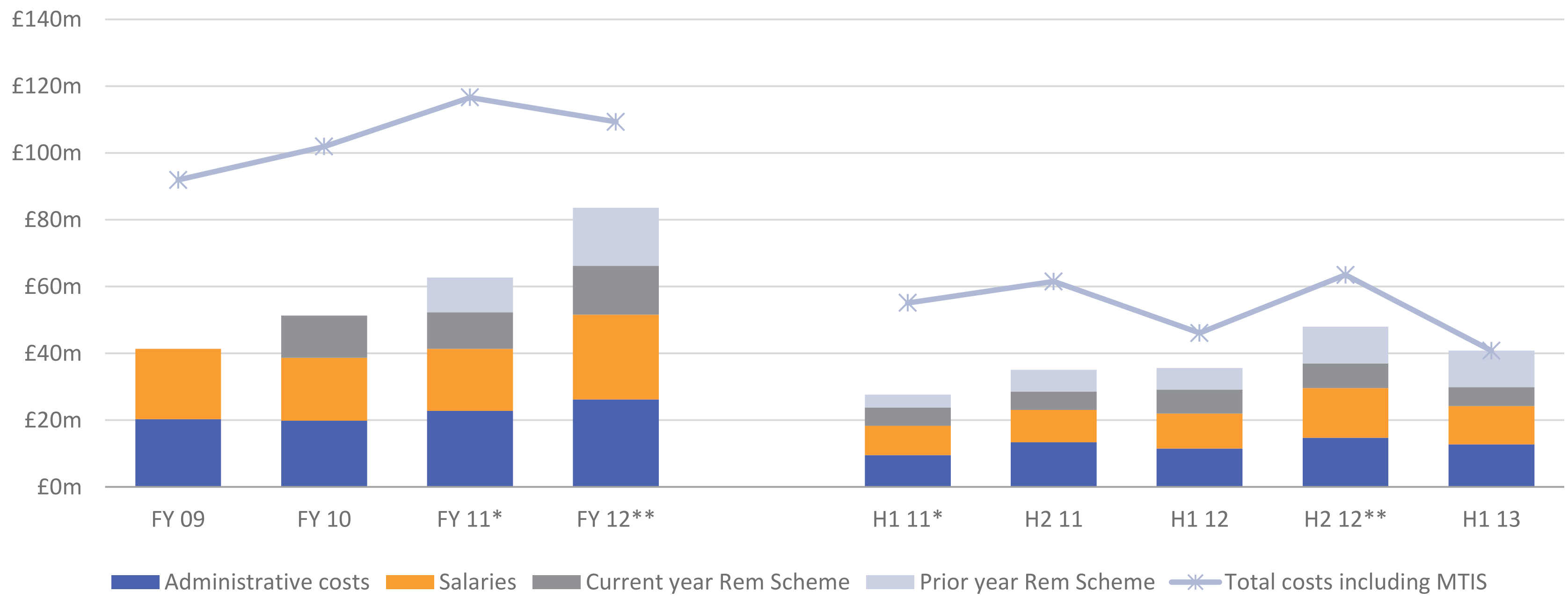
H1 Profit decrease driven by impairments and NII

Profit before tax and fair value adjustments at £22.4m



Group operating costs

Operating costs broadly flat vs H1 12



- Changing dynamics following new incentive schemes
- Limited impact of roll out of new schemes going forward
- Principal drivers are internal distribution capabilities vs placement fees and cash profit

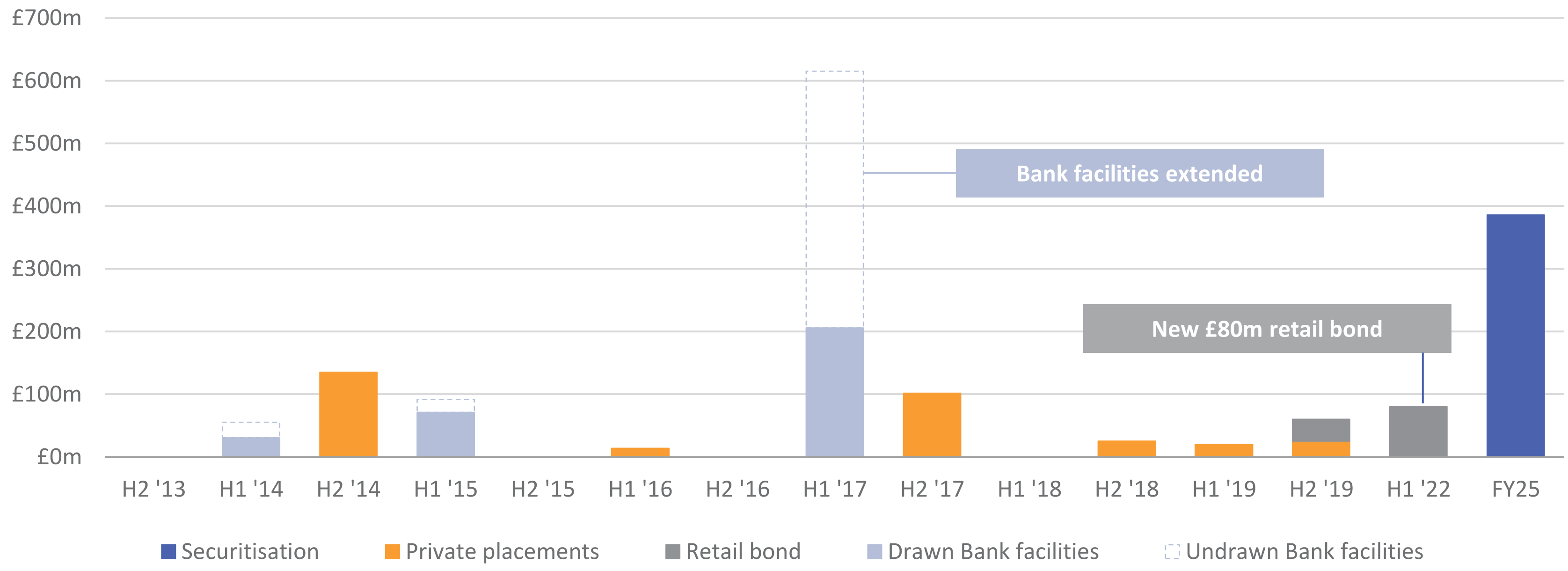
* Excludes £5.7m one off costs re 20 Old Broad Street Lease
** Excludes £45m one off write back following the closure of the MTIS scheme

Balance Sheet

	30 September 2012 – £m	31 March 2012 – £m
Loans & Investments	2,462	2,352
Net current assets	145	78
	2,607	**2,430**
Shareholders' Funds	**1,467**	**1,451**
Borrowings	1,140	979
	2,607	**2,430**
LTM ROE	9.1%	9.9%
Gearing Ratio	76%	66%
Debt Facilities	1,582	1,806
Headroom at year end	442	827

Debt Summary

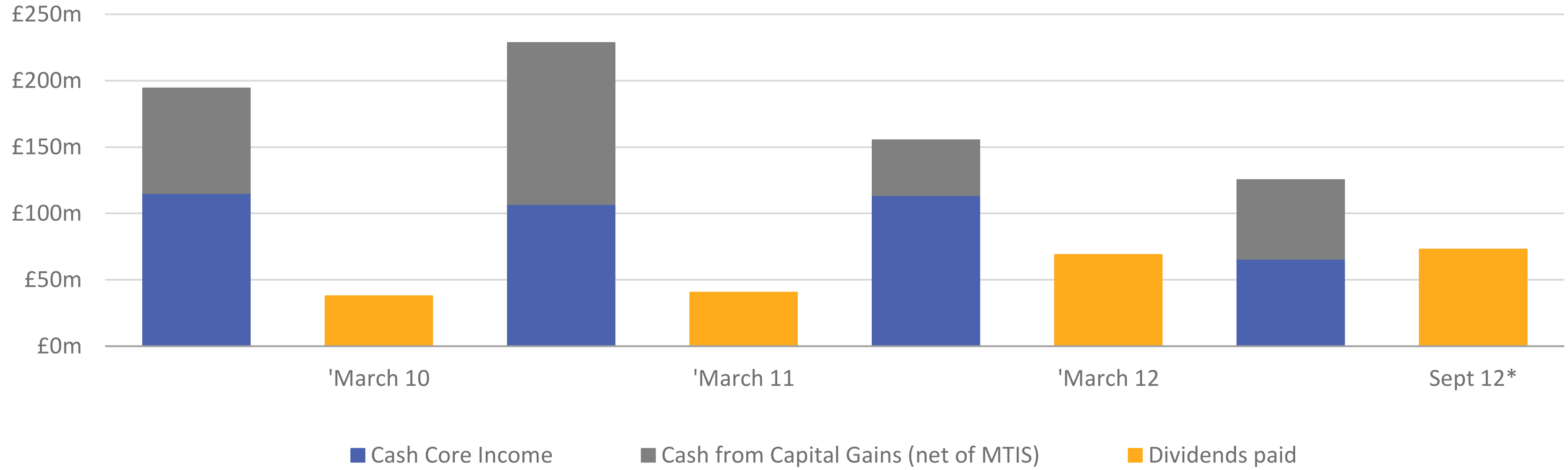
Balance Sheet debt refinanced and further diversified



- £80m retail bond successfully launched in September following bank debt extensions in June
- Diversified sources of financing – bank facilities, bonds, private placements, securitisation
- No material refinancing requirement in the immediate future
- Investment grade ratings of BBB– from Fitch and S&P

Cash Core Income

Solid dividend coverage



- Cash core income of £15.2m; affected by low level of exits (PIK realisations of £10m in H1 13 compared to £54.2m in H2 12 and £59.1m in H1 12)
- LTM Dividends broadly covered by cash core income despite very low level of realisations
- Dividend well covered on aggregate 3 years (policy)
- Scrip dividends stopped in H2 12, £1.2m of scrip dividends were taken in FY12 and £25.0m in FY11

* Last twelve months to 30/09/12

Financial outlook

Positive momentum into H2

Fund Management

- Increase in fees from Fund V in H2 following additional commitments since the end of September of €800m (and catch up fees)

IC

- Reduced visibility in current environment
- Realisation expected to remain slow but some processes ongoing
- Interest Income is moving in line with interest bearing assets, expenses now fully reflect new debt sources
- Additional new investments but remain unpredictable

Conclusion and Q&A

Appendix

Fee Income

£m	H1 2013	H2 2012	H1 2012
Mezzanine Fund Management fee income	24.6	25.4	18.1
Credit Fund Management fee income	9.0	11.0	12.2
Third Party Funds fee income	**33.6**	**36.4**	**30.3**
Investment Company fee income	11.2	11.9	12.6
Total fee income	**44.8**	**48.3**	**42.9**

Credit Funds
Fee Income

	H1 2013		H2 2012		H1 2012	
£m	AUM	Fees	AUM	Fees	AUM	Fees
CDOs	3,296	6.7	3,964	7.6	3,543	7.9
Managed Accounts & Pooled Funds	755	2.3	635	2.4	594	2.0
Performance and Catch up Fees		-		1.0		2.3
Total	**4,051**	**9.0**	**4,599**	**11.0**	**4,137**	**12.2**

Fair Value Accounting

Top AFS and FVTPL assets

AFS assets

Company	Business	Country	Value at 30/09/2012	Value at 31/03/2012
Allflex	Livestock identification systems	UK	£79.8m	£65.4m
Intelsat	Fixed satellite services	USA	£47.9m	£45.6m
AAS Link	Share registry and fund administration services	Australia	£22.8m	£15.9m
Lecta	Printing	Italy	£16.3m	£12.9m
Menissez	Bread Manufacturing	France	£14.1m	£14.8m
Elior	Catering	France	£11.5m	£9.8m
Au Bon Pain	Restaurant Chain	US	£8.3m	£8.4m

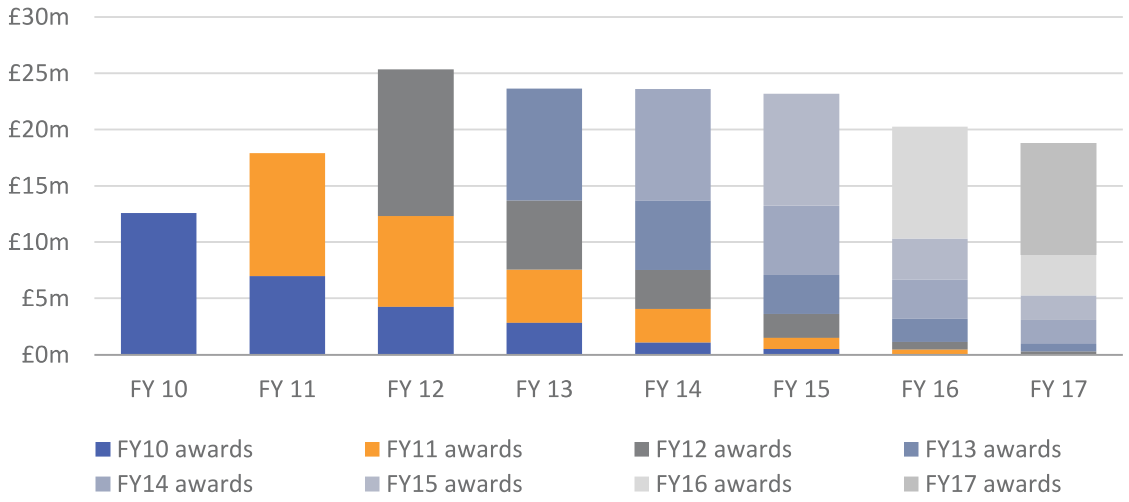
FVTPL assets

Company	Business	Country	Value at 30/09/2012	Value at 31/03/2012
AAS Link	Share registry and fund administration services	Australia	£15.7m	£11.0m
Gerflor	PVC flooring	France	£15.0m	£13.1m
Westbury Street Holdings	Catering	UK	£7.3m	£4.2m
Ventura Motors	Bus Operator	Australia	£6.6m	£6.7m

Incentive Schemes Excluding MTIS on gains

	Group	Segmental	
£m	H1 2013	FM Co	Inv Co
FY 10 Awards	1.4	0.9	0.5
FY 11 Awards	4.9	1.9	3.0
FY 12 Awards	4.0	2.6	1.4
FY 13 Accruals	5.8	1.8	4.0
Total	**16.1**	**7.2**	**8.9**
	H1 2013	**FM Co**	**Inv Co**
Old Schemes	**0.5**	**-**	**0.5**

Long term P&L impact of incentive schemes
(excluding balance sheet carry)



- Based on FY10 and FY11 and FY12 actual awards, and constant FY12 awards for future years
- Roll-out driven growth until FY15 included, but immaterial in FY14 & FY15

Future P&L impact of FY10, FY11 and FY12 awards – Excluding Balance Sheet Carry

	FY13	FY14	FY15	FY16	FY17
£m	13.7	7.5	3.6	1.1	0.3

BSC: Charge given percentage to interest income

- FY13: 4%; FY14: 4.5%; FY15: 5%

Cash Flow Analysis

£m	H1 2013	H1 2012	H1 2011
Operating cash flow	(8.9)	45.6	40.7
Cash flow relating to Capital Gains	(7.0)	(25.2)	23.8
Repayments & recoveries	66.0	161.0	56.0
Tax & others	(29.9)	(41.5)	25.5
Free Cash flow	**20.2**	**139.9**	**146.0**
New investments	197.7	83.2	128.8
Dividend	50.5	46.4	25.8
Net share purchases	2.6	16.2	13.2
Net debt increase	(230.6)	(5.9)	(21.8)
Cash Core Income	**15.2**	**63.3**	**113.5**

Remuneration Schemes

Assets in BSC Scheme

Portfolio companies	Year of investment
EOS	FY11
Fort Dearborn	FY11
Team System	FY11
Quorn	FY11
Westbury Street Holdings	FY11
Gerflor	FY11
Courtepaille	FY11
Tegel	FY12
BvD	FY12
Ventura Motors	FY12
HMG	FY12
Citic	FY12
Riverland	FY13
Symingtons	FY13
SCF	FY13
Esmalglass	FY13
Convergint	FY13

Impairments

£m	H1 2013	H2 2012	H1 2012
Mezzanine and equity investment			
Gross impairment	86.1	43.9	39.6
Recoveries	(21.3)	(1.7)	(11.2)
Net impairment	**64.8**	**42.2**	**28.4**

Pre-tax Profits, Earnings Per Share & Dividends

	H1 2013	H2 2012	H1 2012
Pre tax profit excluding FV	£41.1m	£143.1m	£100.7m
Pre tax profit	£39.6m	£135.0m	£108.8m
Net profit	£39.5m	£102.5m	£85.1m
EPS	10.3p	26.1p	21.6p
DPS	6.3p	13.0p	6.0p

Cash Core Income

Cash Core Income Calculation

Pre tax profit excluding FV	£41.1m
Less Capital Gains	£(32.0)m
Plus provisions	£64.8m
Less Accrued PIK	£(68.7)m
Plus PIK realised	£10.0m
Cash Core Income	£15.2m

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