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# ICG plc 2013 annual results

22 May 2013

# Highlights

## Operational Performance

- AUM up 13% to €12.9bn; third party AUM up 14% to €9.9bn driven by strong fundraising across products, including ICG Europe Fund V hitting its €2.5bn hard cap
- Positive momentum in new products with increased geographical and institutional diversity
- Portfolio broadly resilient but some weaker assets are undergoing restructuring
- New funds investing on target with IC new investments of £262m
- Low level of realisations with IC repayments of £154m; post year end realisations of Medi Partenaires and Allflex

## Financial Performance

- Fund Management Company profit up 7% at £40.4m (£37.7m in FY12)
- Investment Company profit<sup>1</sup> of £107.9m, down 33% primarily due to lower exits leading to reduced capital gains and lower net interest income
- Group profit before tax<sup>1</sup> of £148.3m, down 25%
- Full year dividend of 20.0p versus 19.0p last year

<sup>1</sup> Excluding the one off release of previously accrued cost of £45m in relation to our legacy MTIS in FY12 and the impact of fair value movements on derivatives (FY13: £5.7m; FY12: nil)

# Priorities for FY 13

Successful year in delivering strategies

## FY13 Priorities

## Update

### Mezzanine

- Final close on ICG Europe Fund V
- Launch of Asia Pacific successor fund
- Launch of ICG Longbow third fund
- US strategy



**Closed at hard cap of €2.5bn**



**Delayed until FY14**



**First close at £215m; expected to hit hard cap of £700m shortly**



**Launch of US debt product imminent**

### CFM

- Launch of Senior Debt Partners fund
- Open ended funds
- Segregated mandates
- US strategy



**First close in March 2013**



**Building track record, launched Total Credit**



**Increased number of mandates**



**Launch of US credit product imminent and team strengthened**

# Market update



# Investment market update

Products adapted to regional market diversity

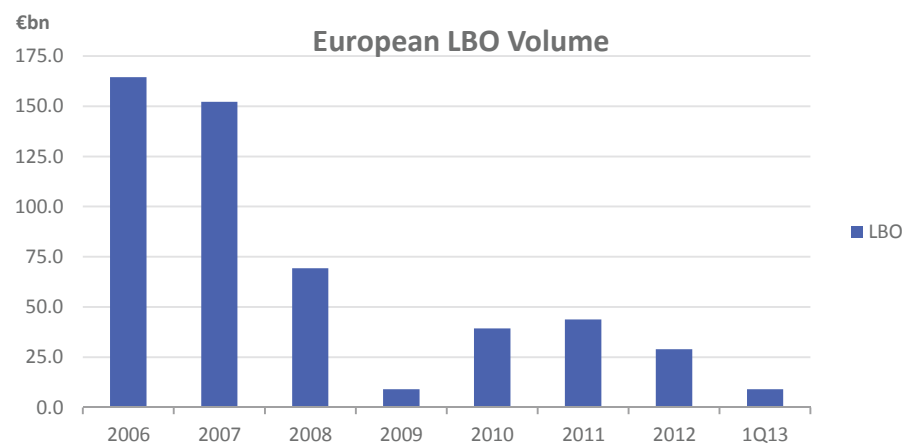
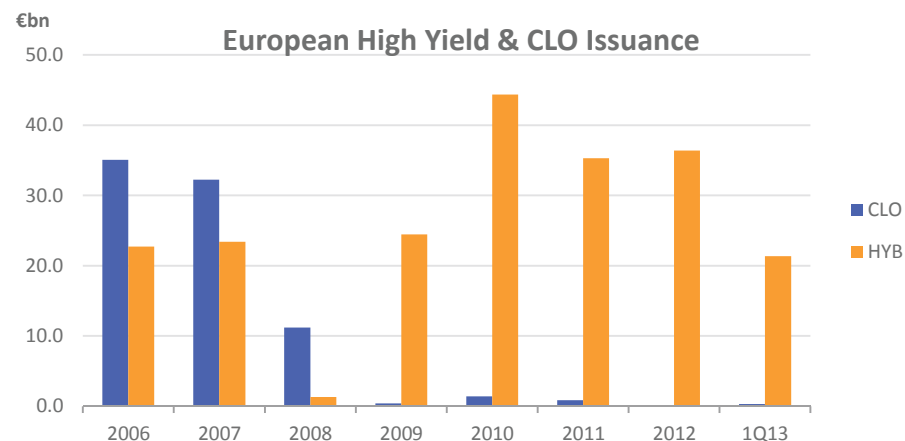
## Europe: Opportunistic

- Lack of available debt for non prime assets
- European CLO market recovering
- Low LBO volumes
- Refinancing issues and sponsorless opportunities

**Opportunistic  
mezzanine funds**

**Direct lending & debt funds**

**Real estate debt &  
mezzanine funds**



Source: S&P as at March 2013

# Investment market update

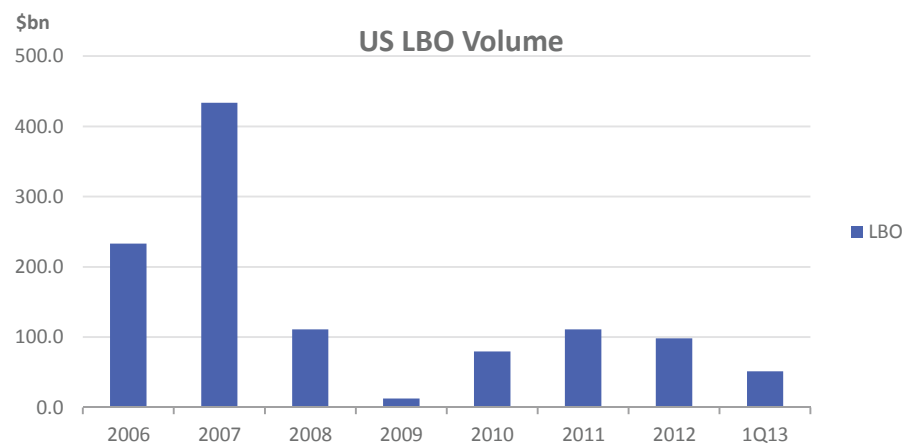
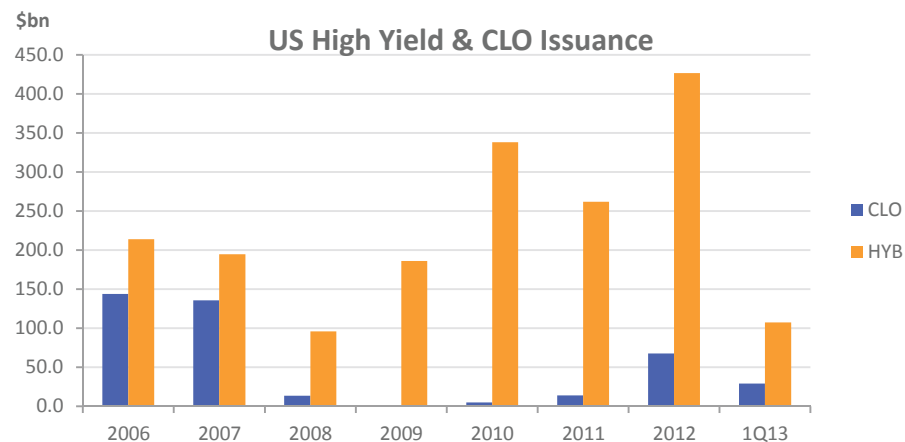
Products adapted to regional market diversity

## US: Fully Functioning

- Competitive but finding yield is still challenging
- Greater diversity of lenders, strong CDO market
- LBO volume and demand for traditional mezzanine growing

Mezzanine for LBOs

CLOs & Debt funds



Source: S&P as at March 2013

# Investment market update

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Opportunistic  
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Direct lending & debt funds

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Mezzanine for LBOs

CLOs & Debt funds

### Asia Pacific: Attractive

- Local banks less impacted by financial crisis
- International banks withdrawing to home territory leaving funding gap
- 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

- Improved liquidity
- Demand higher yield strategies
- 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
- Traditional fixed income asset classes offer low yield

**Attraction of debt products with higher yield**

## Manager Selection

- Consolidation of relationships
- Long term track record is paramount
- Credibility/sustainability of strategy
- Experience of team
- Offering of specific investment propositions
- Operational/compliance platform matters
- Flight to quality

**Favours established players and consolidation**

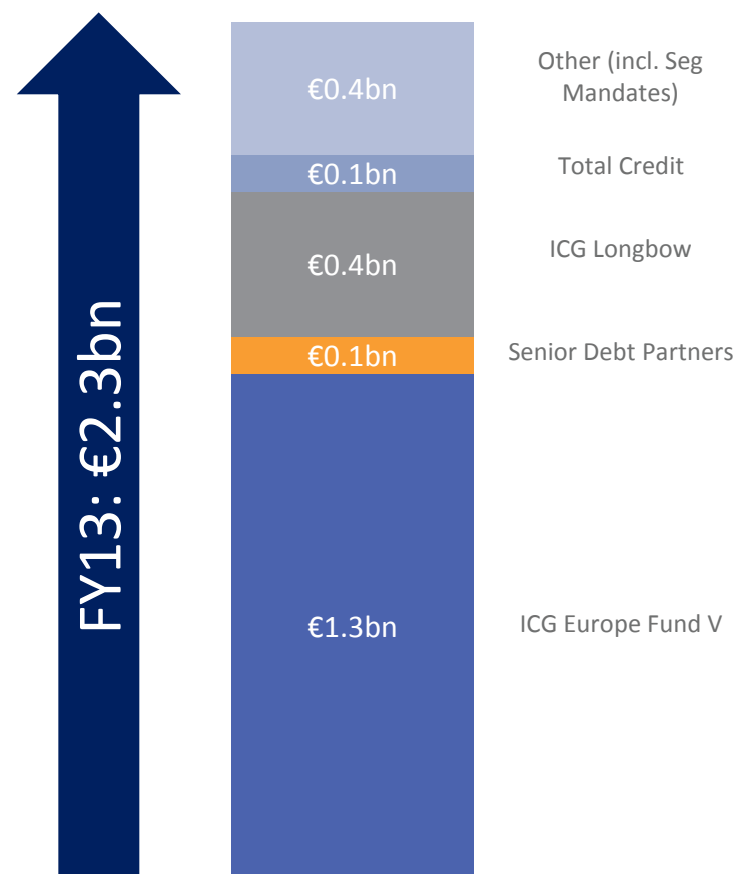


# Fund Management

# Fund management – fundraising

Most third party funds ever raised in a single year

- Successful closing of ICG Europe Fund V at its hard cap of €2.5bn with €1.3bn raised in the year
- ICG Longbow Fund III is expected to close shortly at its hard cap of £700m
- Distribution team expansion nearing completion
- Now capable of marketing multiple products across multiple geographies simultaneously

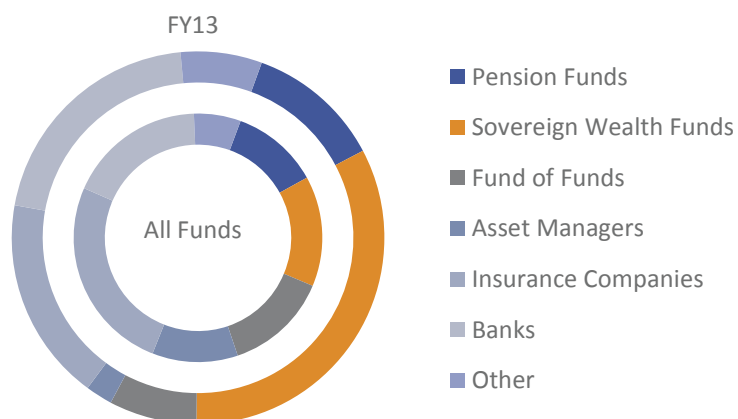


# Fund management – fundraising

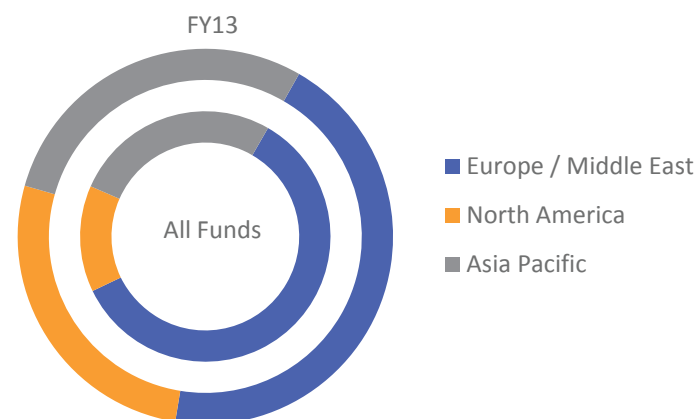
Increased geographical and institutional investor diversity

- FY13 was the first full year of fundraising from our in house distribution team, providing a more balanced geographical and institutional investor base
- Replaced banks with more long-term investors: pension funds and sovereign wealth funds
- The ability to raise funds across the globe indicates a good foundation for the fundraising of our future US and Asia Pacific funds, and other credit products

## FY13 Fundraising vs All Funds: Investor Type



## FY13 Fundraising vs All Funds: Geography



## Fund management – mezzanine

Third party AUM up 14% due to Fund V and ICG Longbow fundraising

### Mezzanine FUM up 33% with new funds planned for FY14

#### Europe

- Recovery Fund 2008 ends its investment period
- Europe Fund V is targeting an IRR of 18% and a money multiple of 1.6x

#### North America

- Hired new Head of the US
- Building team
- Launch of Fund I expected in H1 FY14

#### Asia Pacific

- Funds I and II continue to perform strongly
- Fund II is 55% invested following the SCF transaction with a strong pipeline
- Launch of Fund III expected in H2 FY14

#### Real Estate

- Fund II is fully invested
- Currently investing Senior Listed Fund and Fund III
- Second (and final) close on Fund III imminent

# ICG Longbow

Deep UK property expertise combined with ICG brand



## Product Offering

- Specialist investment team focused on UK commercial real estate debt
- Management have over 25 years experience in property, lending and investment management
- Strong track record in senior, mezzanine and whole loans, focusing on acquisitions and recapitalisations
- Currently raising and investing third fund focusing on whole loans and mezzanine debt– expect to close at £700m hard cap shortly
- Investing £105m listed senior debt fund raised in FY13, first dedicated senior loan fund
- Strong performance of Fund II raised in 2010 which is now fully invested in 16 deals: 17.4% IRR ; 10.8% cash yield

## Case Study – Arundel Street, Portsmouth

### Our Role

- Enabled borrower to refinance multi-let retail property in the centre of Portsmouth
- Provided £10.5m whole loan, representing total debt of the asset over six years

### Our Rationale

- Property is made up of eight retail units that provide steady income stream
- Highly secured due to conservative leverage against current valuation
- Strong growth potential from a forthcoming contracted rental income uplift



## Fund management – credit funds

CFM third party AUM flat but product pipeline strong

CFM third party AUM is flat in FY13 but product pipeline is strong to offset CLO run off

- Total Credit Fund launched in July
  - Received first 3rd party commitment
  - NAV up 15% since launch
- High Yield track record remains good - up 13% YTD and 41% since inception
- Impending launch of new European CLO fund in FY14
- Senior Debt Partners fund had its first close in March 2013

# ICG Senior Debt Partners

## Direct senior loan origination product launched

### Product Offering

- Leverages our existing expertise at originating investment opportunities and our knowledge of the European senior debt market
- The fund will invest in senior secured loans in European mid-market companies
- Direct investment opportunities are originated and structured by a dedicated team
- To date, €117m has been raised with further closes in FY14 with a target fund size of €1bn
- As at March 2013, two investments have been completed, one of which is Aim Aviation

### Case Study – Aim Aviation

#### Our Role

- Enabled borrower to execute the deal within a tight timetable
- Having built good relationships with management and sponsors meant ICG were chosen
- Provided £16m of senior debt alongside two banks

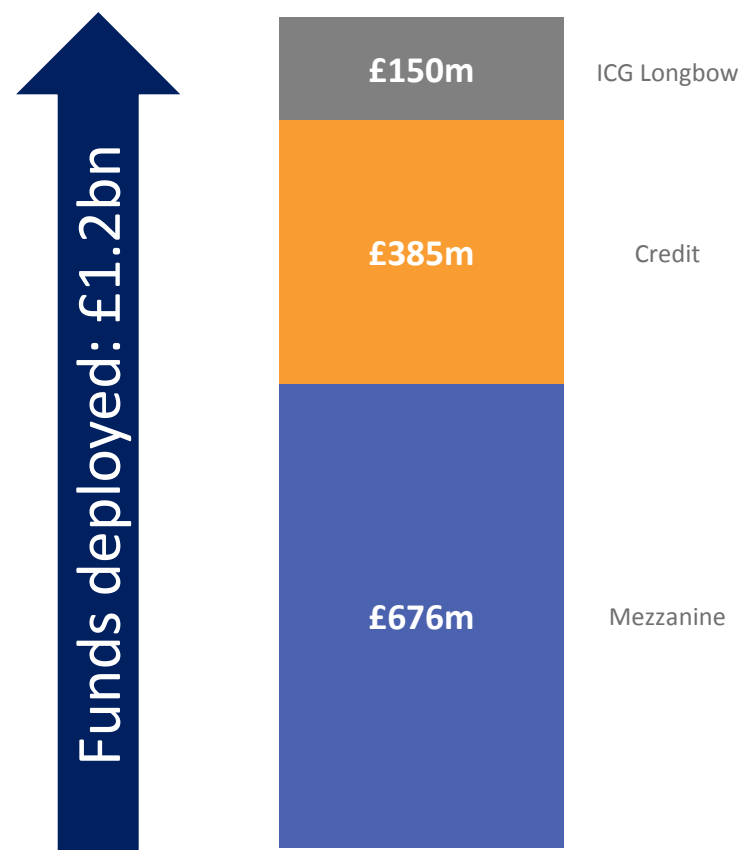
#### Our Rationale

- Specialist design and engineering company of aircraft interiors
- Leading market position with exposure to high growth sectors
- Long term relationship with airlines
- Good revenue visibility with long term contracts
- Low operating leverage

## Invest selectively

£1.2bn capital deployed in a tough environment

- Strong investment year in which the Group deployed £1.2bn of capital including £262m from our Investment Company – ICG Europe Fund V already 26% invested
- Economic uncertainty and lack of availability of senior debt has meant deal flow has required more effort as no standard transactions
- Even in this environment, our local network of experienced investment professionals were able to complete 9 deals



# Investment Company

# Investment Company

Positive net new lending due to low level of exits

## New Investments

- 9 transactions in the period
  - 7 in Europe alongside ICG Europe Fund V
  - SCF in Asia Pacific, Convergent in US
- New lending of £262m (£122m in FY12)
- Strong pipeline across geographies

## Exits

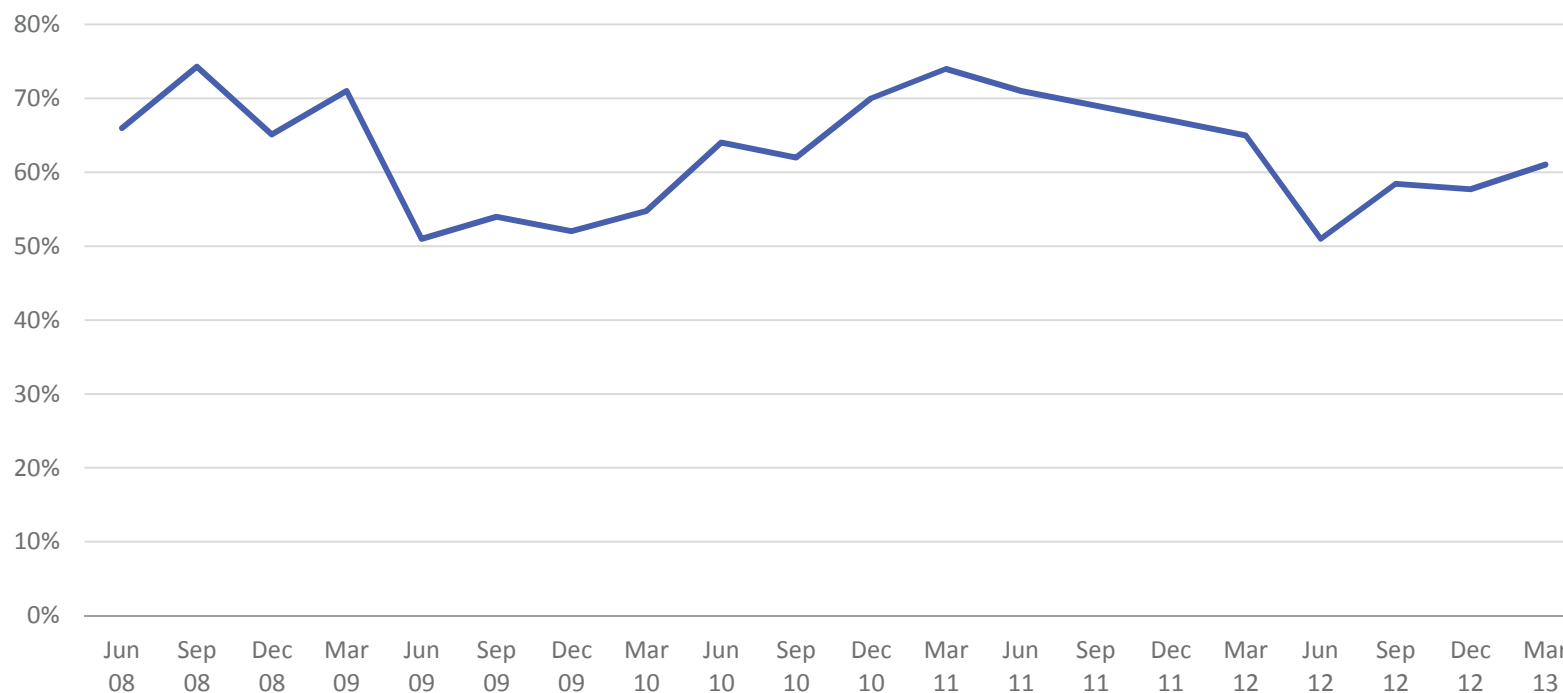
- Low level of exits in the year due to economic environment and less liquidity to support new mid market transactions
- Repayments of £154m
- Exit environment improving which should mean a higher level of realisations in FY14
- Since year end, there have been two realisations totalling £226m, more than FY13 in total



# IC portfolio

Performance vs. prior year shows improvement

## % of assets performing at or above prior year



- Currently 61% above or at last year's level; 75% on a value weighted basis

## Top twenty assets at 31 March 2013

Strong performance of large assets continues

Company	Activity	Country	Sponsor	Performance
Medi Partenaires	Private clinic manager	France	LBO France	
Allflex	Cattle tagging	UK	Electra	
Applus+	Inspection, certification and technological services	Spain	Carlyle	
AAS Link	Share registry and fund administration services	Australia	PEP	
Elis	Textile rental and cleaning	France	Eurazeo	
Attendo	Elderly care homes	Sweden	Industri Kapital	
Materis	Speciality chemicals for the construction industry	France	Wendel	
Gerflor	PVC flooring	France	ICG	
Minimax	Supplier of fire protection systems and services	Germany	Industri Kapital	
BAA	Airport operator	UK	Ferrovial/GIC/CDP	
Ethypharm	Drug development and manufacturer	France	Astorg	
SAG	Services and technical solutions for utilities	Germany	EQT	
EOS Loan Fund 1	Diversified fund of senior loans	Europe	n/a	
Westbury Baxter	Catering	UK	ICG	
Hoyts	Cinema operator	Australia	PEP	
Feu Vert	Auto equipment	France	CDC Capital	
Lowenplay	Leisure & entertainment	Germany	AXA PE	
Fort Dearborn	Label manufacturer	US	KRG	
Nocibe	Cosmetic & perfume retailer	France	Charterhouse	
TeamSystem	Software solutions	Italy	Hg Capital	

- Continued strong performance on the largest assets on the whole
- No particular concerns for those showing underperformance

# Priorities for FY 14

Maintain momentum in delivering our strategic priorities

## FY14 Priorities

- Fundraising momentum to be maintained
  - Final close on ICG Longbow Fund III
  - Further closes on Senior Debt Partners
  - New product launches in North America
  - Asia Pacific Fund III launched
  - New European CLO launched
  
- Continue to invest selectively hitting the required investment run rate
  
- Manage portfolio, particularly those assets undergoing restructuring, to maximise value



## Progress So Far

**ICG Longbow Fund III to close at hard cap shortly**  
**US fund launch imminent**  
**Building US credit capability**



**Investment in Euro Cater, a leading Nordic food service company, will take Fund V to 35% invested**



**Realisations of two of our largest assets will generate £120m cash income and £106m capital gains**

# Financial Review

## Financial highlights

FY13 impacted by low level of exits

- Pre-tax profit\* of £148.3m vs £198.8m in FY 12
  - FMC Profit before tax: £40.4m vs £37.7m in FY12
  - IC Profit before tax\*: £107.9m vs £161.1m in FY12
- Third Party AUM of €9,900m vs €8,679m at March 2012
- Investment portfolio £2,696m vs £2,352m at March 2012
- £640m of debt extension and £80m 8 year retail bond issued; Balance sheet headroom of c. £355m
- Cash Core Income of £39.9m vs £113.5m in FY12;
- Dividend of 20p is up 1p from last year (5%)

\*Excludes £5.7m negative impact of fair value movements on derivatives held for hedging purposes; FY12: nil and excluding £45m one-off release relating to termination of MTIS



# Segmental reporting



Investment	£m	March 2013	March 2012	March 2011
<b>Fund Management Company</b>	Fee income	100.7	91.2	81.8
	Other income	1.5	2.9	4.1
	Admin expenses	(61.8)	(56.4)	(50.0)
	<b>FM profit</b>	<b>40.4</b>	<b>37.7</b>	<b>35.9</b>
<b>Investment Company</b>	Net interest income	159.7	183.5	179.8
	Div & other income	3.8	7.6	11.0
	Admin expenses	(48.6)	(62.7)*	(67.0)
	Impairments	(80.0)	(70.6)	(70.9)
	Net capital gains	73.0	103.3	101.3
	<b>IC profit*</b>	<b>107.9</b>	<b>161.1</b>	<b>154.2</b>
	FVM derivatives	(5.7)	-	(3.8)
<b>Group</b>	<b>Profit before tax</b>	<b>142.6</b>	<b>198.8</b>	<b>186.3</b>

\*Excluding £45m one-off release relating to termination of MTIS

# Third party AUM

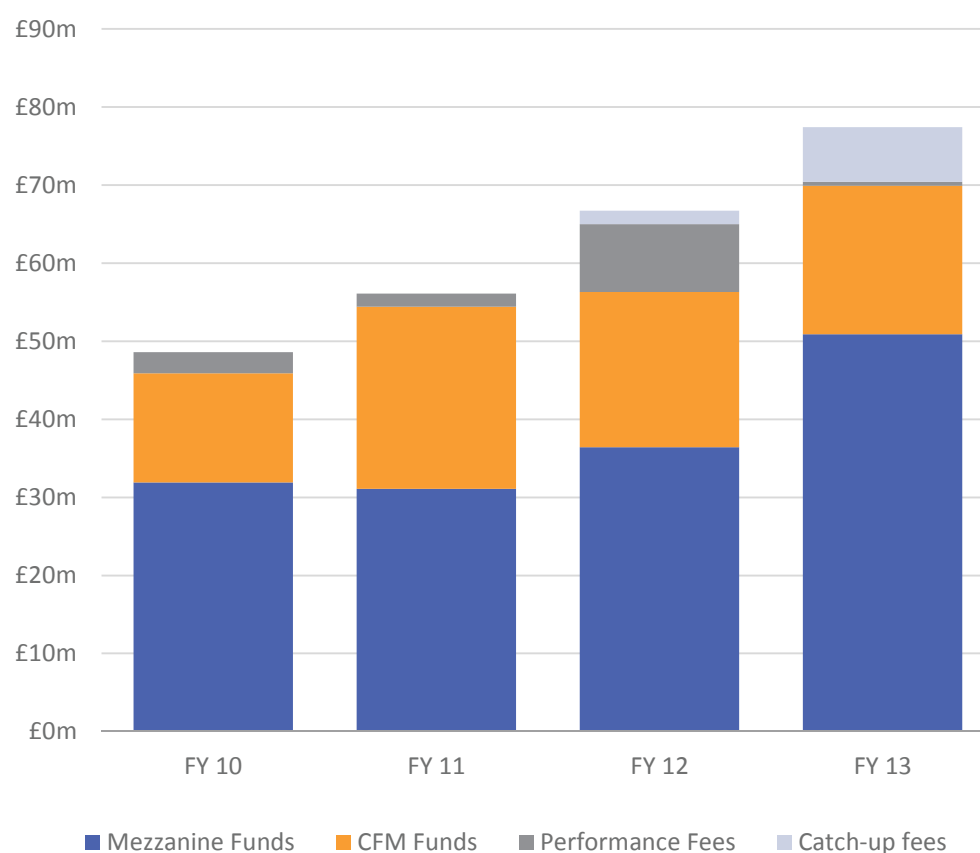
Good momentum in fundraising outstripping run-off

**Third party AUM up 14% to €9.9bn primarily due to ICG European Fund V investment and credit private mandates**



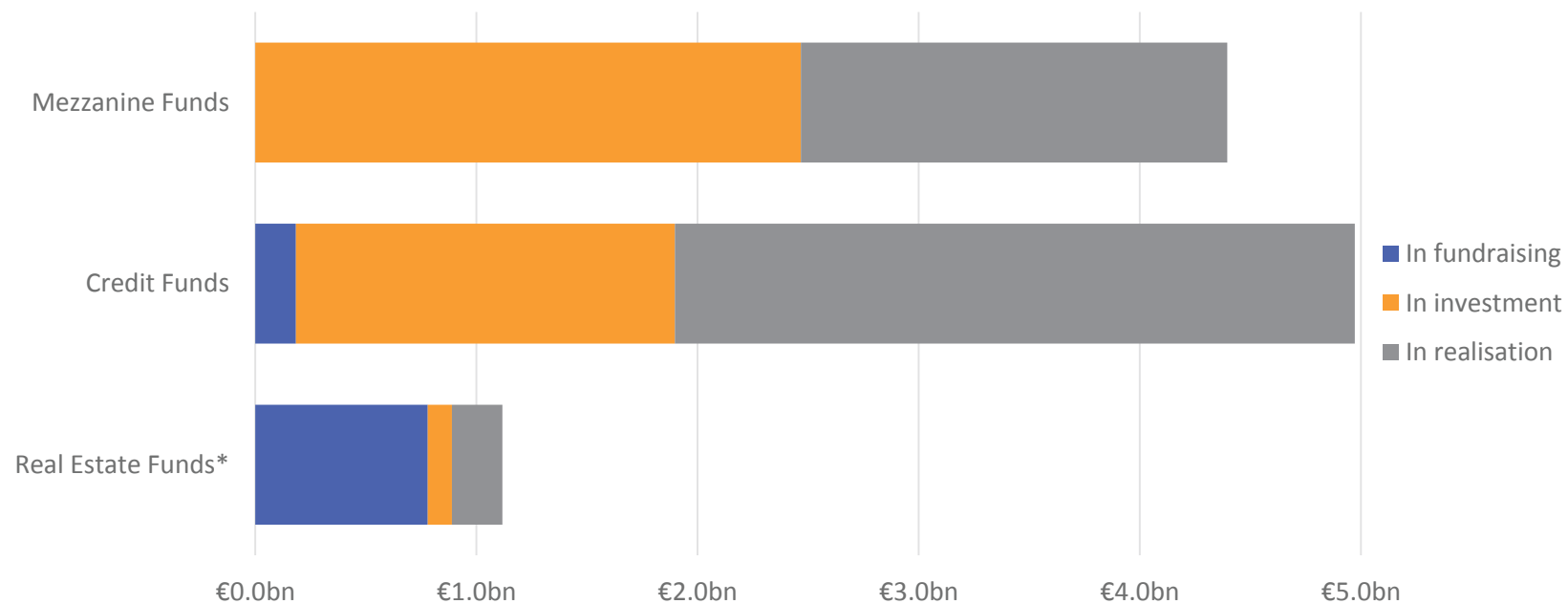
## Third party fee income

Significant growth in underlying management fees



- FY13 Mezzanine Funds fees benefitted from increased fees from Fund V and Longbow
- £7.0m of Fund V catch up management fees relating to FY12
- Carried Interest fee income of £0.3m compared to prior year £7.0m

# Fund Life Cycle

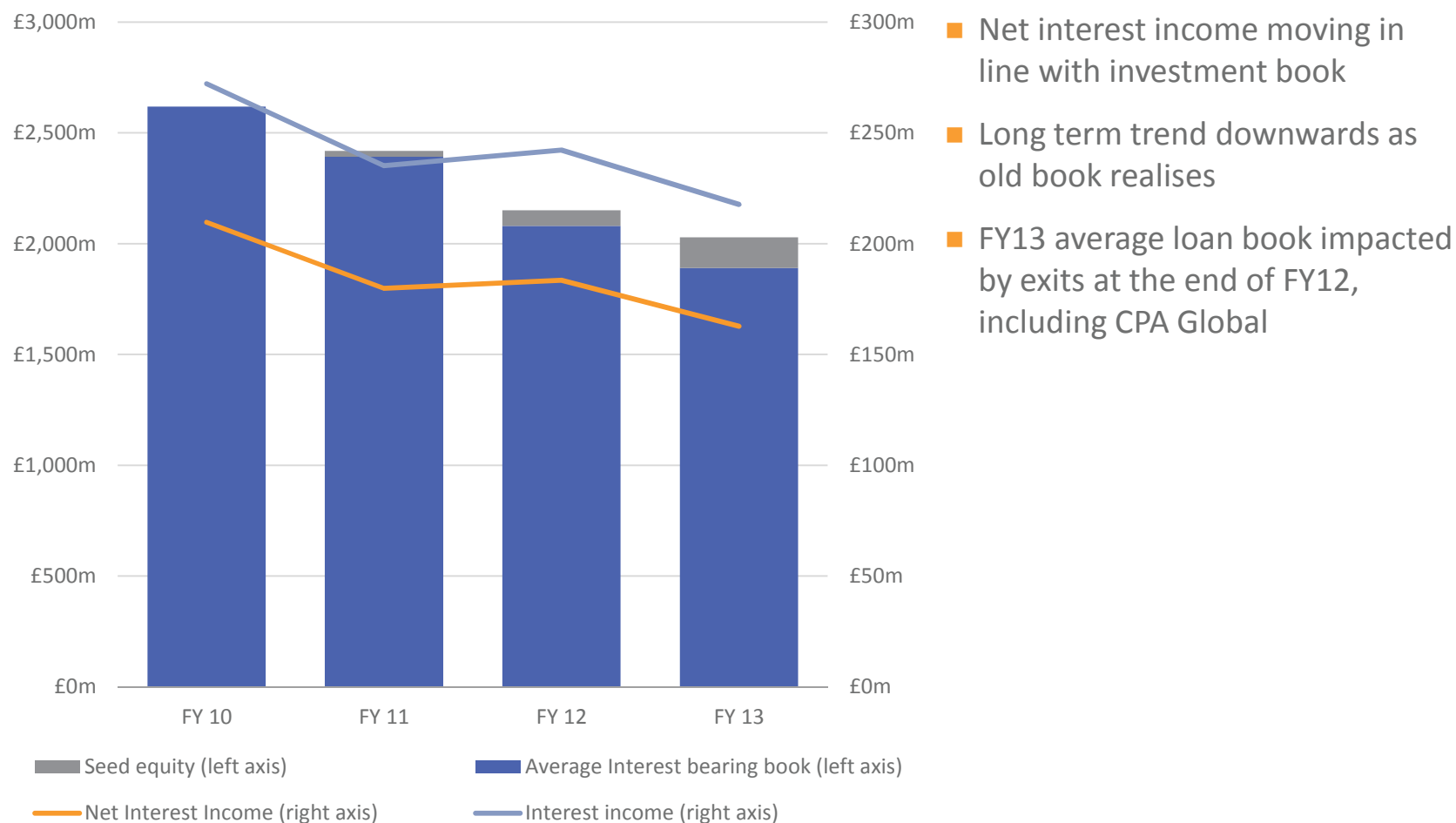


- Mezzanine funds in investment phase boosted by close of Europe Fund V
- Credit Funds in realisation reflect CLOs in run off
- Real estate third fund to close shortly

\* Includes final close of Longbow III which is expected to close shortly

# Net interest income

Decrease in NII driven by decrease in average book size

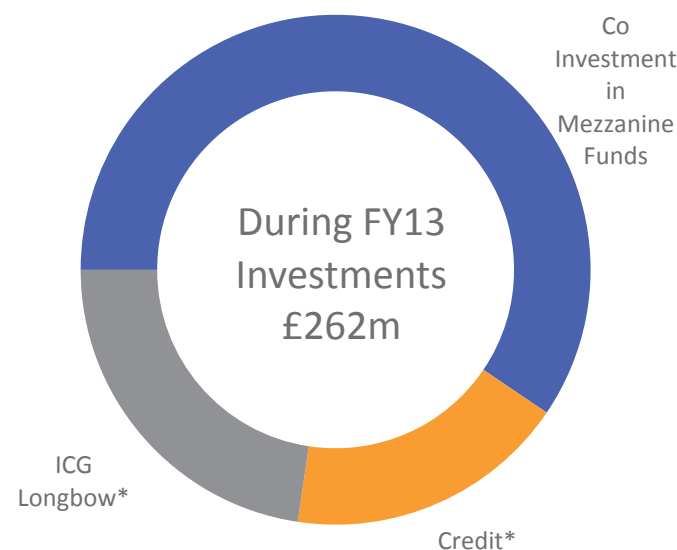
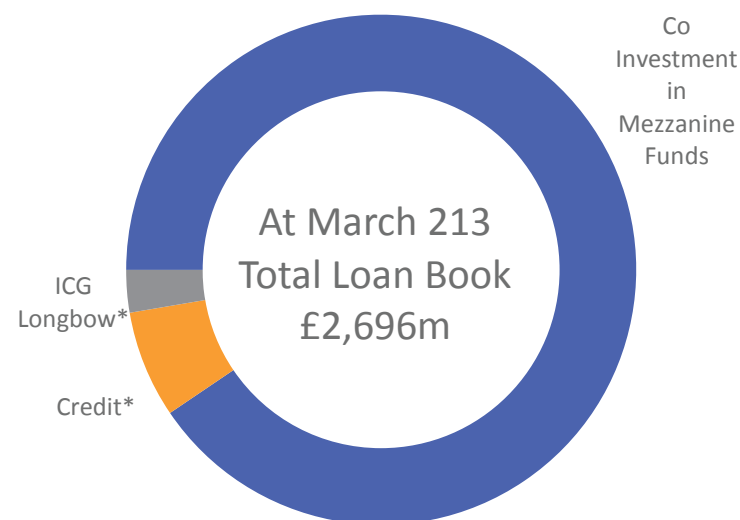




# Changing nature of investments

IC invested £262m capital in a tough environment

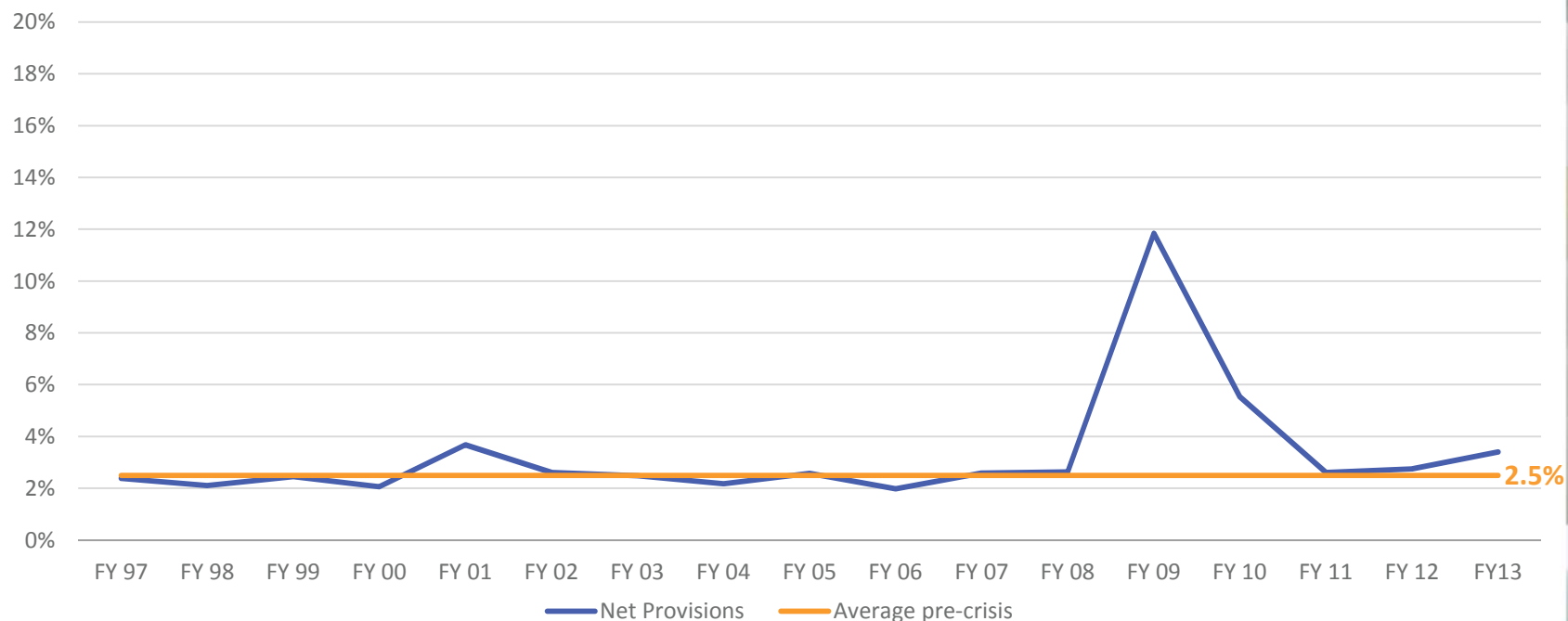
- Loan book increased due to a year of net investment
- Realisation of old book will put downward pressure on book
- Increased use of seed capital to grow FMC products



\* Seed capital

## Long terms provisions

Net provisions impacted by single name impairments



- Gross provisions of £141.1m, of which £86.2m related to two large assets
- Write backs of £61.1m on 9 investments

# Accounting for Restructurings

## Case Study - Via Location



### Case Study

### Accounting

#### FY13

- Mezzanine written down from £26m to £17m
- Equity of £8m fully written off
- Impairment expense of £17m recognised in Income Statement (£9m mezzanine and £8m equity)
- Total value of investment after impairment in Via Location of £17m (equity written down to zero)

#### FY14 (Post Restructure)

- Remaining £17m mezzanine fully written off
- Bank senior debt written down
- ICG plc provided £8m new money in super senior debt which has guaranteed return of 2x
- ICG plc and EF06 own 100% of the equity and have joint control
- The equity owned by ICG plc estimated to produce a return of £15m upon exit
- Impairment expense of £17m recognised in Income Statement
- Super senior loan (asset) written up from £8m to fair value of £10m during FY14
- Unrealised gain of £15m recognised on MTM of new equity
- Net nil impact on FY14 income statement

Note: all valuations as at 31 March 2013

# Gains on Investments

High MTM gains but low level of cash realisations during FY13

£m	FY13	FY12	FY11
Realised gains	14.1	73.8	127.2
Unrealised gains	58.9	44.2	6.2
<b>Total gains</b>	<b>73.0</b>	<b>118.0</b>	<b>133.4</b>

## Unrealised gains

- Fair value increase on unrealised equity investments: £67.8m (FY12: £45.1m)
- Fair value decrease on unrealised equity investments: £8.9m (FY12: £0.9m)

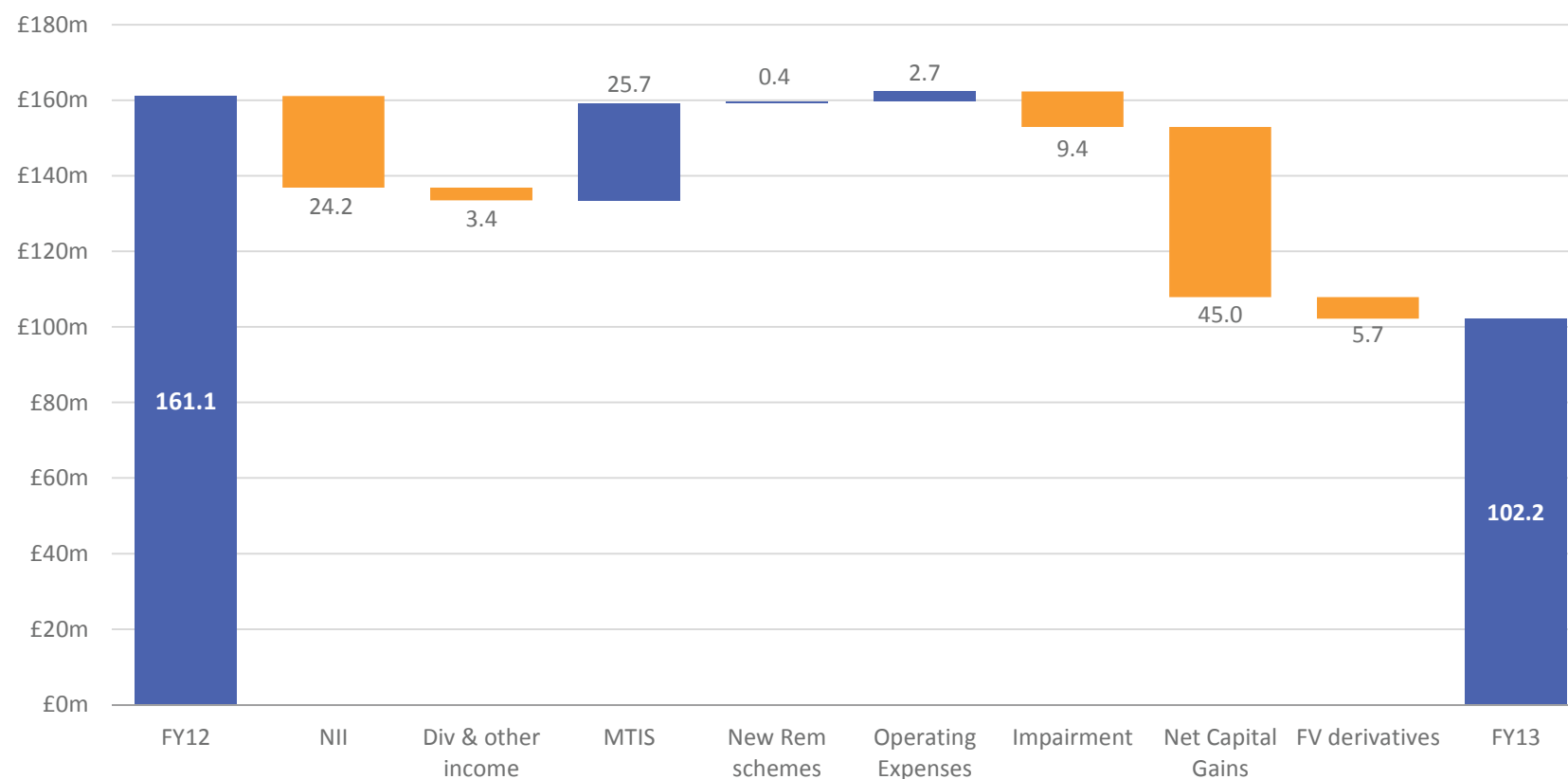
## Reserves movement

- Uplift of £59.7m (FY12: £135.8m)

# Investment Company

FY13 Profit decrease driven by lower capital gains and NII

## Profit before tax and fair value adjustments at £102.2m

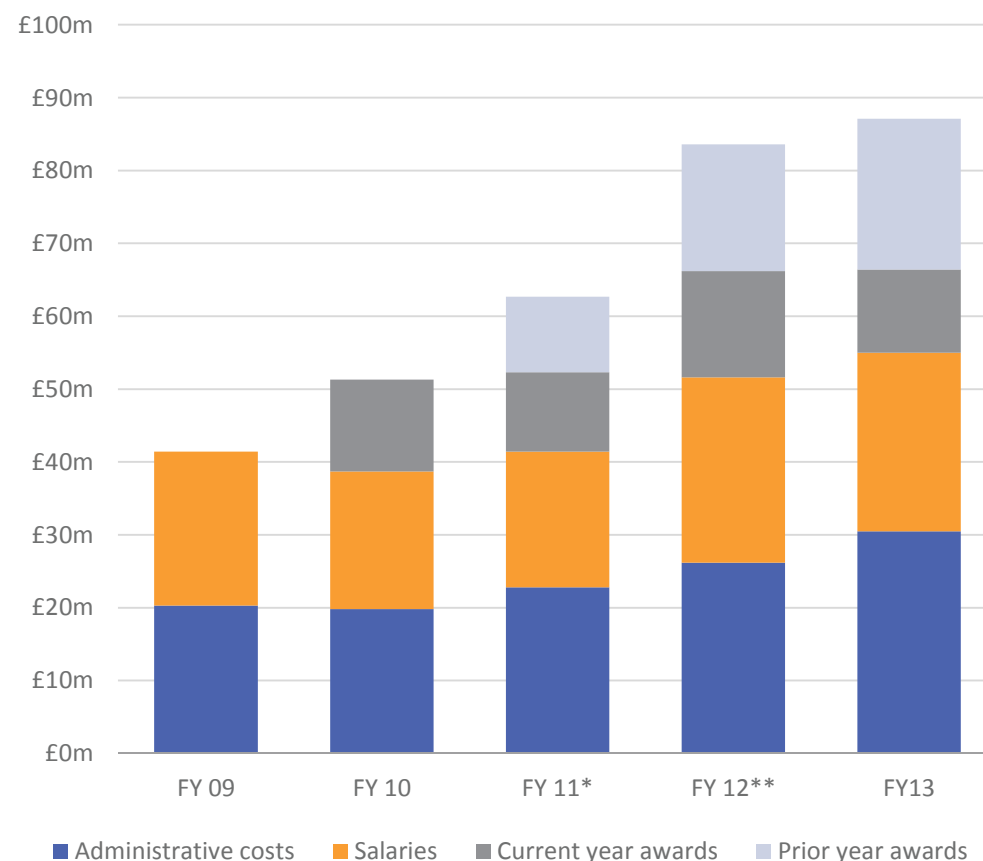


\*Excluding £45m one-off release relating to termination of MTIS



# Group operating costs

## Increasing headcount to fuel growth



- 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
- Placement fees expense was £5.8m in FY13, compared to £1.3m in H2 12. £1.5m of the current year expense was catch up from 2012

\* 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

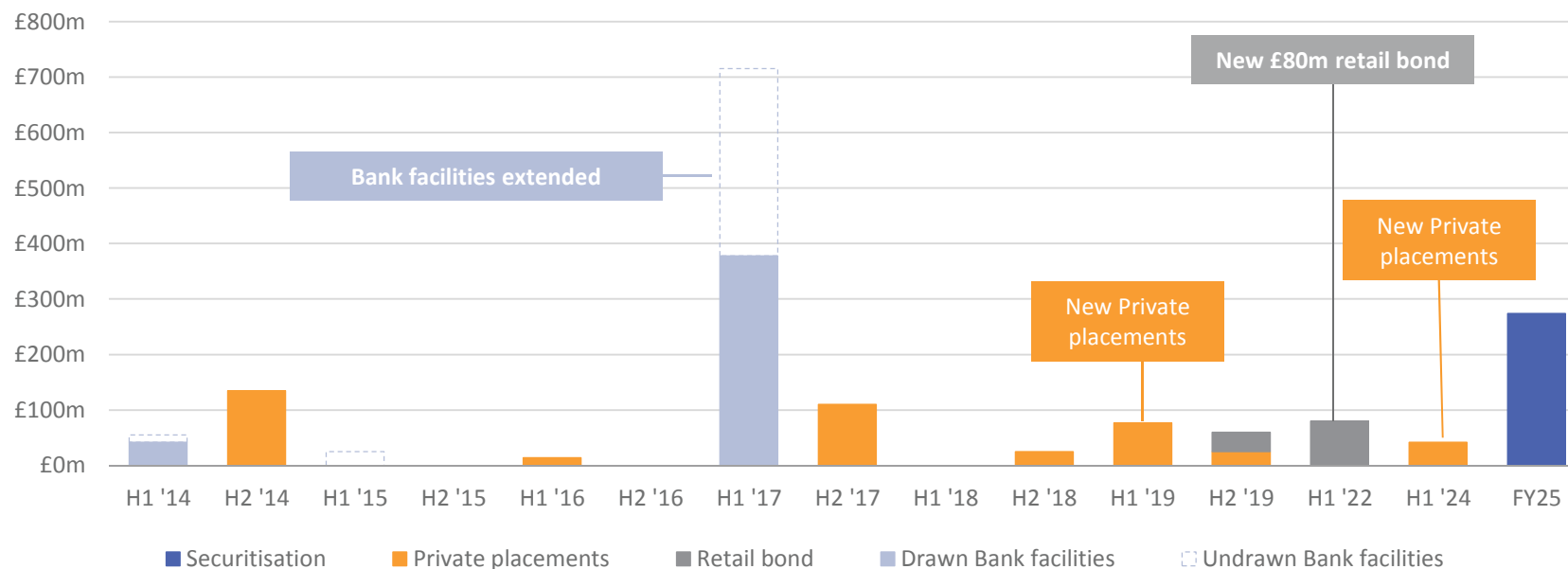


	31 March 2013 - £m	31 March 2012 – £m
Loans & Investments	2,696	2,352
Net current assets	3	78
	<b>2,699</b>	<b>2,430</b>
Shareholders' Funds	<b>1,563</b>	<b>1,451</b>
Borrowings	1,136	979
	<b>2,699</b>	<b>2,430</b>
LTM ROE*	8.9%	11.5%
Gearing Ratio	73%	66%
Debt Facilities	1,492	1,806
Headroom at year end	355	827

\* Excludes FV on Derivatives of £5.7m in FY13 (FY12:nil) and £45m one off write back following the closure of the MTIS scheme in FY12

# Debt Summary

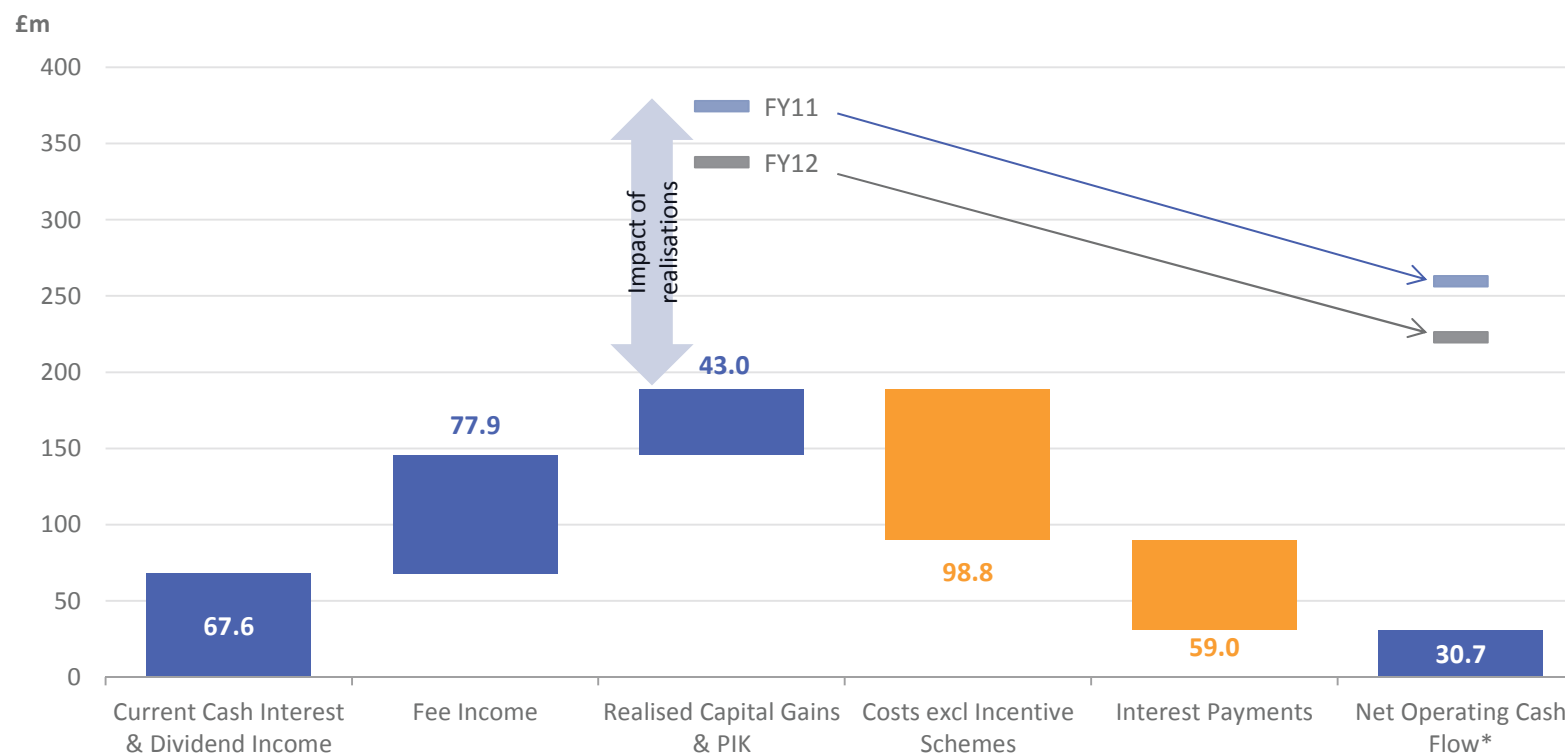
Balance Sheet debt refinanced and further diversified



- £80m retail bond successfully launched in September following bank debt extensions in June
- Diversified sources of financing – bank facilities, bonds, private placements, securitisation
- Post year end extended £80m of facilities and signed £20m with a new bank. Private placement of \$150m signed. No material refinancing requirement in the immediate future
- Investment grade ratings of BBB– from Fitch and S&P

# Operating Cash Flow

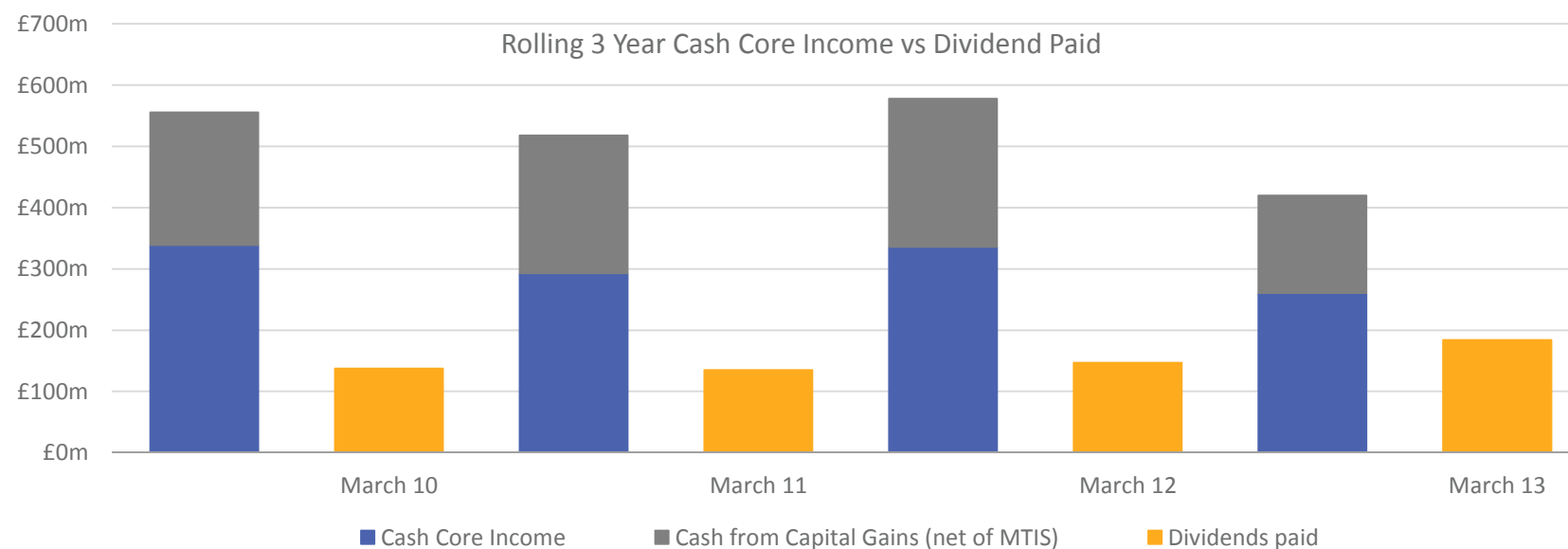
Poor realisations resulting in low operation cash flow in FY13



\* Net cash flow from operating activities less incentive schemes

# Cash Core Income

Good dividend coverage



- Cash core income of £39.9m; affected by low level of exits
- On a rolling 3 year basis cash core income is £260m in FY13, down from £336m in the prior year
- Dividend well covered on aggregate 3 years (policy)
  - Cash core income is 1.4x the dividend paid (including realised gains: 2.3x)



# Financial outlook

Positive start to FY14

## FMC

- Underlying fee income to rise with further fundraising
- Realisations increase potential for performance fees
- Annualisation of operating investment made in FY13

## IC

- Average provisions in line with long term average
- NII to track average loan book
- Improved level of realisations
- Increased level of seed capital investment to fuel FMC growth

# Conclusion and Q&A

# Appendix

# Funds



# Mezzanine and Growth Capital Funds

## Fee structure

### Funds in investment period

Fund	Size	Equity	End of investment period	% Invested	Main fee
ICAP 08	\$0.6bn	\$0.6bn	April-2014	55%	1.5% on committed equity. Decrease to 1.25% of invested cost from 15 April 2013
EF V	€2.0bn	€2.0bn	Sep-2016	26%	1.5% on committed equity

### Funds in realisation

Fund	Size	Equity	End of investment period	% Invested	Main fee	Carry
RF08	€1.05bn	€0.64bn	Oct-2012	89%	1.5% on invested	20 % of 20 over 8
EF06	€1.75bn	€1.25bn	Mar-2011	93%	1.25% on invested	20 % of 20 over 8
IMP08	€0.12bn	€0.12bn	Feb-2010	96%	1.5% on invested	20 % of 20 over 8
MF03	€1.42bn	€0.67bn	Sep-2006	97%	1.5% on invested	28% of 20 over 8
ICAP 05	\$0.30bn	\$0.30bn	Apr-2008	91%	2.0% on invested	25 % of 20 over 8



# ICG Europe Fund V

## Highlights



Summary	Capital Invested	€2,000m
		26%
Portfolio	Investments	8
	Invested Capital	€533m
Exits	Assets	n/a
	Cost Invested	n/a
	Money Multiples/IRR	n/a
	Distribution	n/a
Performance	Gross IRR	16%
	Money Multiple	1.1x
	Average Life	6 months
	Net IRR	n/a
	Net MM	n/a

# ICG European Fund 2006

## Highlights



Summary	Capital Invested	€1,750m
		93%
Portfolio	Investments	47
	Invested Capital	€1,620m
Exits	Assets	10
	Cost Invested	€371m
	Money Multiples/IRR	1.9x / 25%
	Distribution	€295m
Performance	Gross IRR	11%
	Money Multiple	1.4x
	Average Life	58 months
	Net IRR	9%
	Net MM	1.4x

# ICG Mezzanine Fund 2003

## Highlights



Summary	Capital Invested	€1,420m
		100%
Portfolio	Investments	80
	Invested Capital	€1,670m
Exits	Assets	64
	Cost Invested	€1,700m
	Money Multiples/IRR	1.4x / 16%
	Distribution	€859m
Performance	Gross IRR	14%
	Money Multiple	1.4x
	Average Life	61 months
	Net IRR	14%
	Net MM	1.6x

# ICG Recovery Fund 2008

## Highlights



Summary	Capital Invested	€643m
		86%
Portfolio	Investments	11
	Invested Capital	€1,046m
Exits	Assets	2
	Cost Invested	€10m
	Money Multiples/IRR	1.7x / 45%
	Distribution	€142m
Performance	Gross IRR	17%
	Money Multiple	1.4x
	Average Life	24 months
	Net IRR	11%
	Net MM	1.3x

# ICG Minority Partners Fund 2008

## Highlights



Summary	Capital Invested	€115m
		96%
Portfolio	Investments	4
	Invested Capital	€121m
Exits	Assets	3
	Cost Invested	€101m
	Money Multiples/IRR	2.2x / 48%
	Distribution	€205m
Performance	Gross IRR	36%
	Money Multiple	2.1x
	Average Life	36 months
	Net IRR	27%
	Net MM	1.9x



# Intermediate Capital Asia Pacific Fund 2005

## Highlights



Summary	Capital Invested	\$300m
		91%
Portfolio	Investments	8
	Invested Capital	\$277m
Exits	Assets	4
	Cost Invested	\$129m
	Money Multiples/IRR	1.3x / 16%
	Distribution	\$179m
Performance	Gross IRR	15%
	Money Multiple	1.7x
	Average Life	54 months
	Net IRR	13%
	Net MM	1.7x

# Intermediate Capital Asia Pacific Fund 2008 Highlights



Summary	Capital Invested	\$600m
		55%
Portfolio	Investments	8
	Invested Capital	\$346m
Exits	Assets	1
	Cost Invested	\$22m
	Money Multiples/IRR	1.4x / 16%
	Distribution	\$95m
Performance	Gross IRR	12%
	Money Multiple	1.3x
	Average Life	22 months
	Net IRR	10%
	Net MM	1.3x

# Financial Information

# Invest selectively

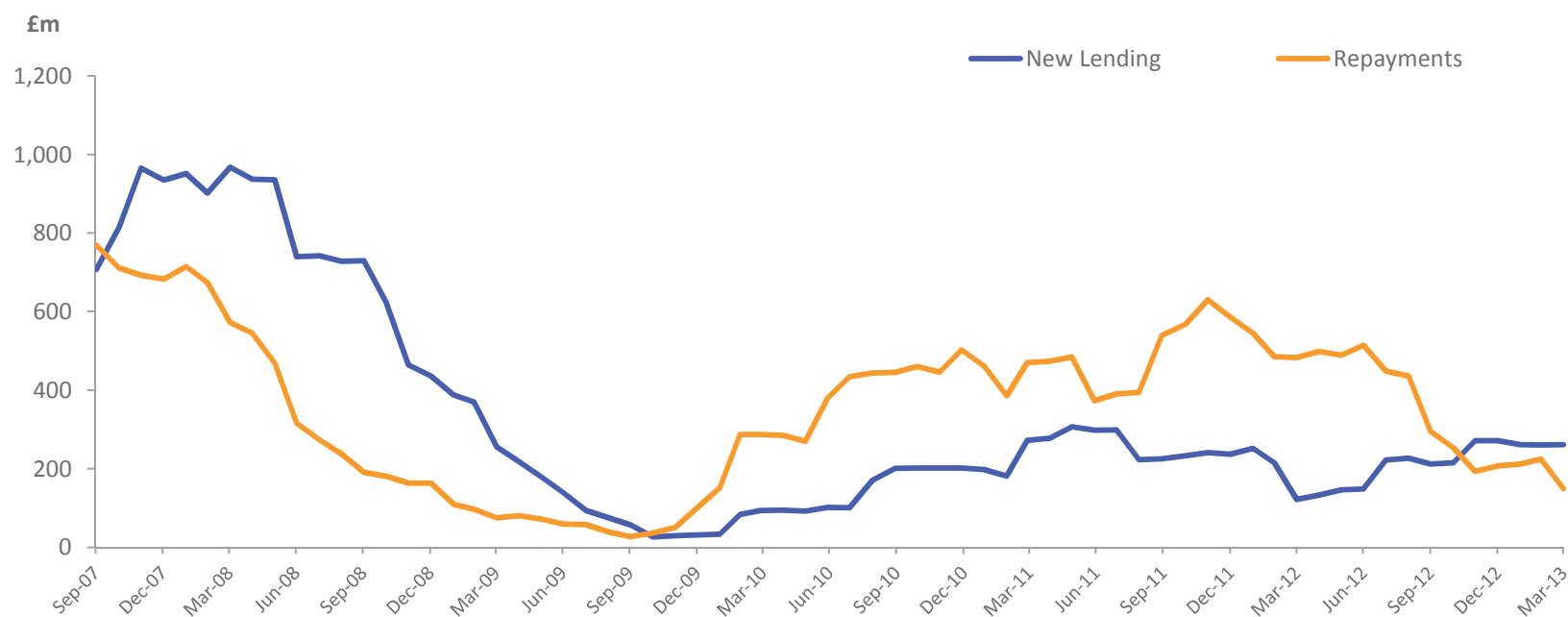
IC invested £262m in a tough environment

## Invest Selectively

- Strong investment year across all products
- £106m was invested in seed capital to our credit and real estate funds
- The balance sheet invested in 6 deals over £10m

Riverland	UK	Stressed	Portfolio of performing European senior loans
Esmalglass	Spain	Stressed	Supplier of key intermediate products for the ceramics industry
Convergint	US	Sponsored	Commercial security and fire / life safety systems
ATPI	UK	Sponsorless	UK corporate travel business with a focus on need-to-work travel
Symington's	UK	Sponsorless	UK food business with a focus on value and convenience products
Punter Southall	UK	Sponsorless	Pensions advisory company

# New Lending vs Repayments \*



\* last 12 months



## Top ten equity assets

Company	Activity	Country	Performance
Allflex	Cattle tagging	UK	
AAS Link	Share registry and fund administration services	Australia	
Gerflor	PVC Flooring	France	
EOS Loan Fund 1	Diversified fund of senior loans	Europe	
Intelsat	Telecoms, Media and Technology	France	
Applus	Elderly care homes	Spain	
Riverland Jersey	Portfolio Management	Europe	
AVR	Waste Management	Netherlands	
Team Systems	Business Services	Italy	
Mennisez	Food and Consumer Products	France	

Includes all equity classes: AFS, FVTPL and loan stock

## Top ten PIK assets



Company	Activity	Country	Performance
Medi Partenaires	Private clinic manager	France	
Veda	Financial Services	Australia	
Hoyts	Cinema operator	Australia	
AAS Link	Share registry and fund administration services	Australia	
Sicurglobal	Security Services	Italy	
AST	Share registry	Hong Kong	
Westbury Baxter	Catering	UK	
Attendo	Elderly care homes	Sweden	
Gaucha	Food	UK	
Ethypharm	Drug development and manufacturer	France	

# Fee Income



£m	FY13	FY12	FY11
Mezzanine Fund Management fee income	58.2	43.5	32.4
Credit Fund Management fee income	19.2	23.2	23.7
<b>Third Party Funds fee income</b>	<b>77.4</b>	<b>66.7</b>	<b>56.1</b>
Investment Company fee income	23.3	24.5	25.7
<b>Total fee income</b>	<b>100.7</b>	<b>91.2</b>	<b>81.8</b>

# Credit Funds

## Fee Income



£m	FY 2013		FY 2012		FY 2011	
	AUM	Fees	AUM	Fees	AUM	Fees
CDOs	3,159	13.9	3,543	15.6	5,001	12.0
Managed Accounts & Pooled Funds	1,037	5.1	594	4.4	710	3.4
Performance and Catch up Fees		0.2		3.2		8.3
<b>Total</b>	<b>4,196</b>	<b>19.2</b>	<b>4,137</b>	<b>23.2</b>	<b>5,711</b>	<b>23.7</b>

# Fair Value Accounting

## Top AFS and FVTPL assets

### AFS assets

Company	Business	Country	Value at 31/03/2013	Value at 31/03/2012
Allflex	Livestock identification systems	UK	£106.7m	£65.4m
Intelsat	Fixed satellite services	USA	£38.0m	£45.6m
AAS Link	Share registry and fund administration services	Australia	£29.1m	£15.9m
Meniszez	Bread manufacturing	France	£17.9m	£14.8m
Elior	Catering	France	£11.4m	£9.8m
Lecta	Printing	Italy	£10.9m	£12.9m
Au Bon Pain	Restaurant chain	US	£8.6m	£8.4m

### FVTPL assets

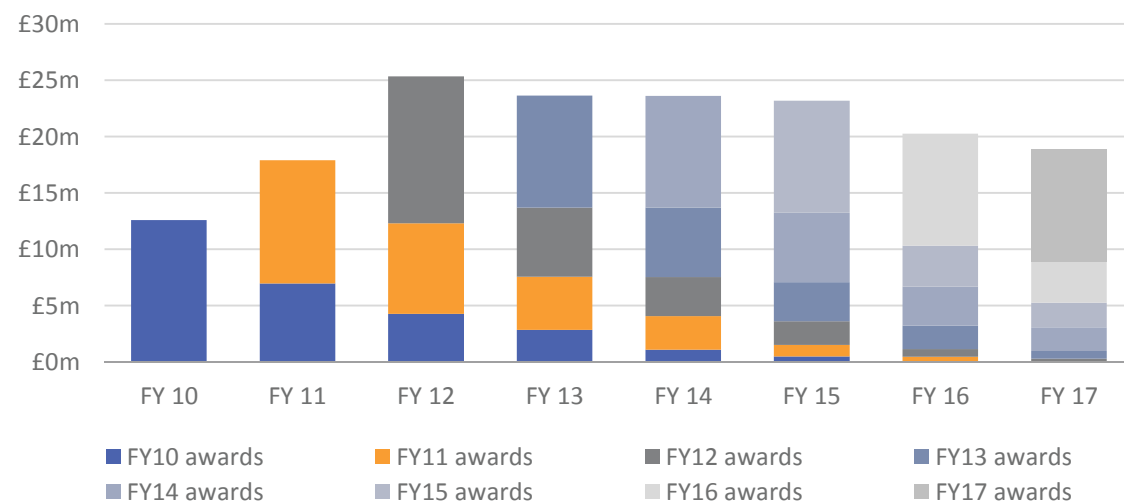
Company	Business	Country	Value at 31/03/2013	Value at 31/03/2012
Gerflor	PVC flooring	France	£32.2m	£13.1m
AAS Link	Share registry and fund administration services	Australia	£20.0m	£11.0m
Westbury Baxter	Catering	UK	£7.8m	£4.2m
Ventura Motors	Bus operator	Australia	£7.1m	£6.7m



## Incentive Schemes Excluding MTIS on gains

	Group	Segmental	
£m	FY 2013	FM Co	Inv Co
FY 10 Awards	2.9	1.9	1.0
FY 11 Awards	9.8	3.7	6.1
FY 12 Awards	8.1	5.4	2.7
FY 13 Accruals	11.3	3.1	8.2
<b>Total</b>	<b>32.1</b>	<b>14.1</b>	<b>18.0</b>
	H1 2013	FM Co	Inv Co
<b>Old Schemes</b>	<b>0.5</b>	<b>-</b>	<b>0.5</b>

## 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 to 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: 4.1%; FY14: 4.2%; FY15: 4.2%

# Cash Flow Analysis



£m	FY 13	FY 12	FY 11
Operating cash flow	31.3	138.2	157.5
Cash flow relating to Capital Gains	(3.4)	41.7	121.9
Repayments & recoveries	148.3	368.6	368.6
Tax & others	(45.4)	(66.6)	(5.1)
<b>Free Cash flow</b>	<b>130.8</b>	<b>481.9</b>	<b>642.9</b>
New investments	261.9	123.3	315.9
Dividend	74.9	68.9	40.6
Net share purchases	10.9	15.3	16.9
Net debt increase	(216.9)	274.4	269.5
<b>Cash Core Income</b>	<b>39.9</b>	<b>113.5</b>	<b>106.7</b>

# Remuneration Schemes

## Assets in BSC Scheme

Year of investment	Portfolio companies	
FY11	* EOS	* Westbury Baxter
	* Fort Dearborn	* Gerflor
	* Team System	* Courtepaille
	* Quorn	
FY12	* Tegel	* HMG
	* BvD	* Citic
	* Ventura Motors	
FY13	* Riverland	* Punter Southall
	* Symington's	* ATPi
	* SCF	* Viking
	* Esmalglass	* Icopal
	* Convergent	

# Impairments



£m	FY 2013	FY 2012	FY 2011
Gross impairment	141.1	83.5	89.8
Recoveries	(61.1)	(12.9)	(18.9)
<b>Net impairment</b>	<b>80.0</b>	<b>70.6</b>	<b>70.9</b>



## Pre tax Profits, Earnings Per Share & Dividends

	FY 2013	FY 2012	FY 2011
Pre tax profit excluding FV*	£148.3m	£198.8m	£190.1m
Pre tax profit	£142.6m	£198.8m	£186.3m
Net profit	£123.8m	£187.6m	£128.1m
EPS*	32.1p	39.2p	32.6p
DPS	20.0p	19.0p	18.0p

\* Adjusted for £45m one off release of previously accrued costs relating to MTIS and fair value movement on derivatives

# Cash Core Income



## Cash Core Income Calculation

£m

Pre tax profit excluding FV	148.3
Less Capital Gains	(73.0)
Plus provisions	80.0
Less Accrued PIK	(144.1)
Plus PIK realised	28.7
Cash Core Income	39.9

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