



Intermediate Capital Group PLC

Results Presentation

28 May 2008

Financial Highlights



- **Pre-tax profits up 2% to £ 229.5m**
- **Core Income up 22% to £136.4m**
- **Loan book increases by 32% to £2,306m**
- **Dividend up 18% to 65p**

Operating Highlights



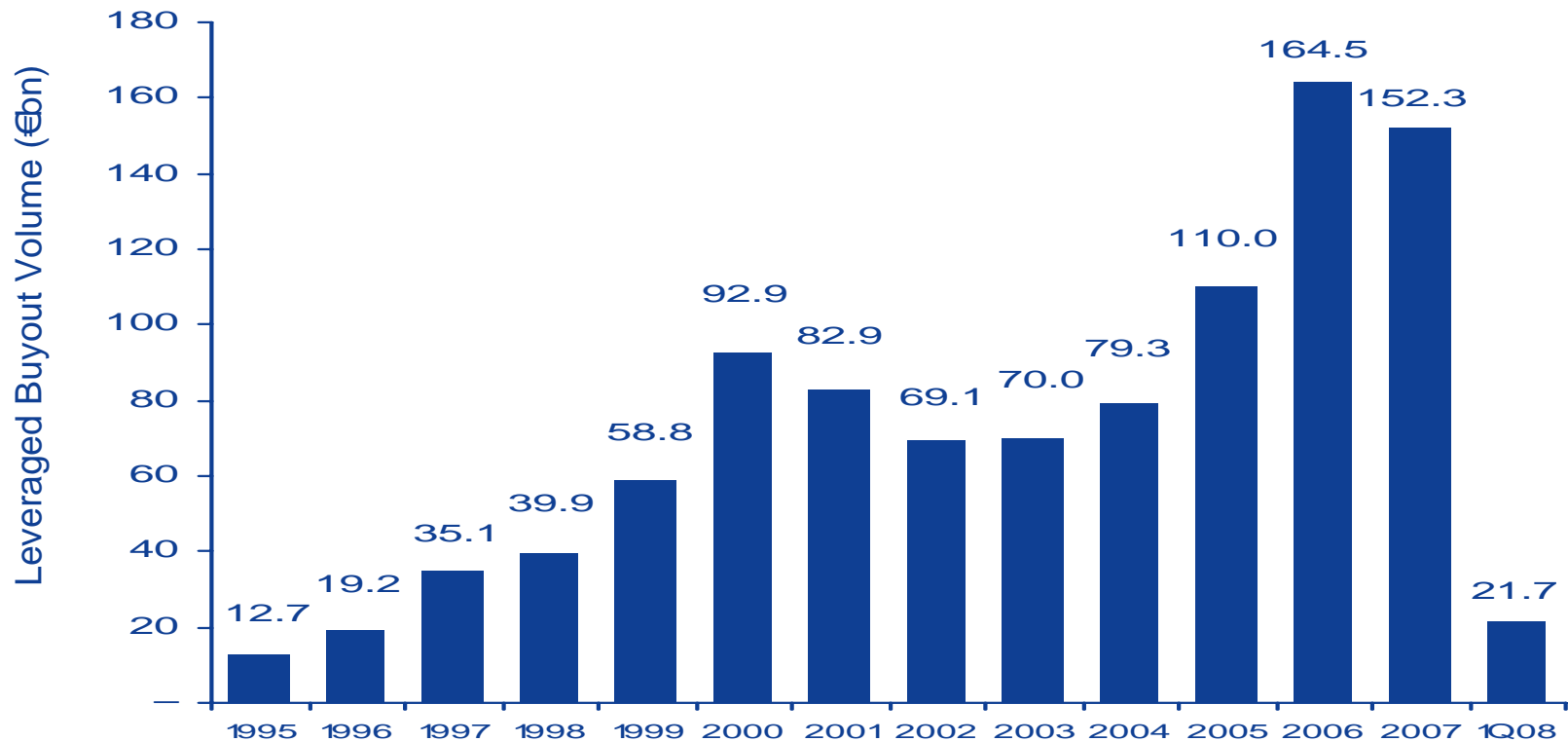
- **Credit markets still in crisis**
- **Increasingly attractive opportunities emerging**
- **We have liquidity and a strong balance sheet**
- **Our portfolio is widely diversified and performing well**

Market Background



- **No liquidity available in senior debt**
- **Some LBO activity in mid market**
- **Hung deals being sold on by banks**
- **Secondary market in senior debt attractive**

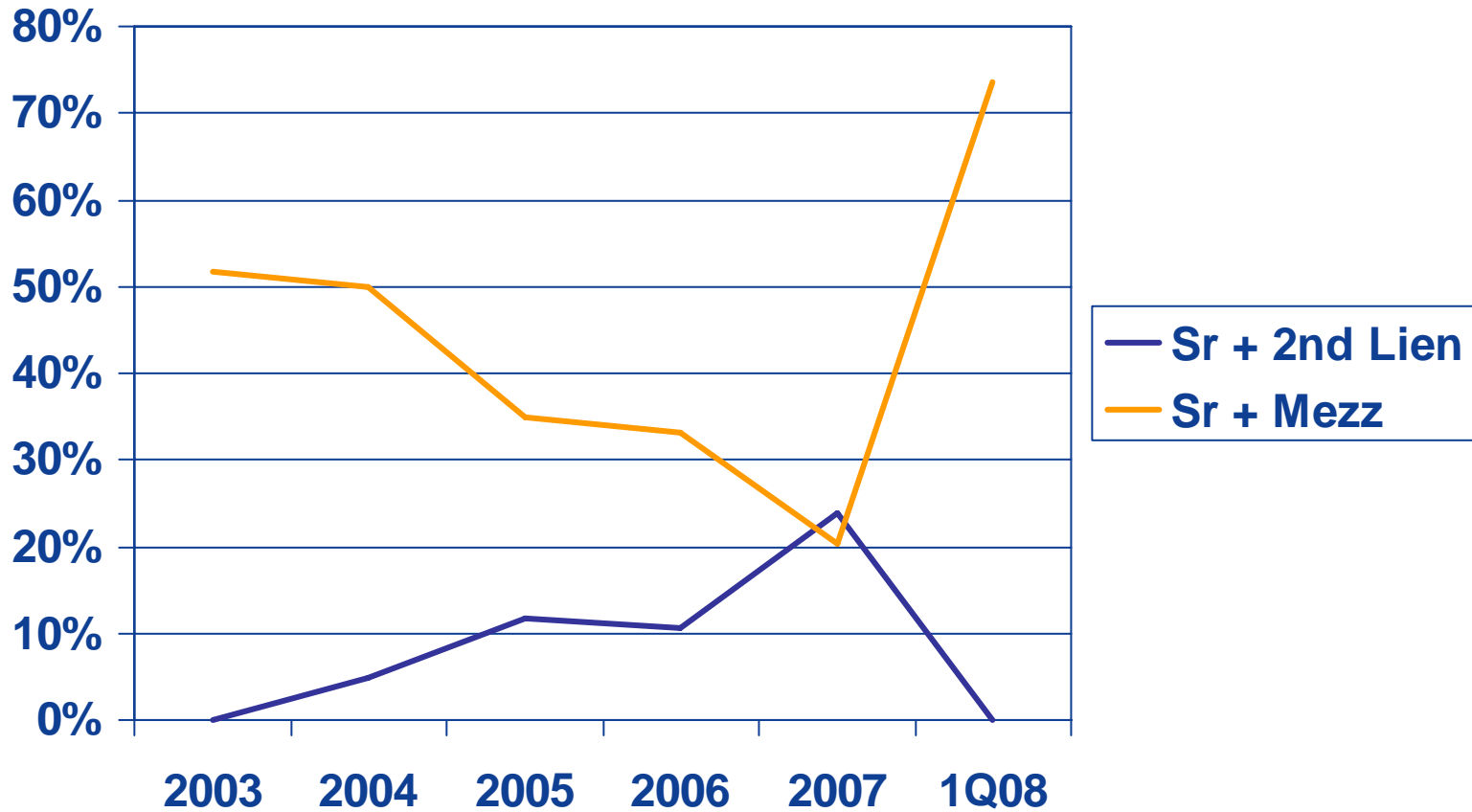
European LBO Market



Reflects total sources of funding of initial or secondary buyout by a private equity firm (**excludes** recaps, refinancings, etc)

Source: Initiative Europe, S&P

Mezzanine share of activity



Source: S&P

Risk



- **Recession in US, UK and Spain**
- **Increased default experience**

Market Background Summary



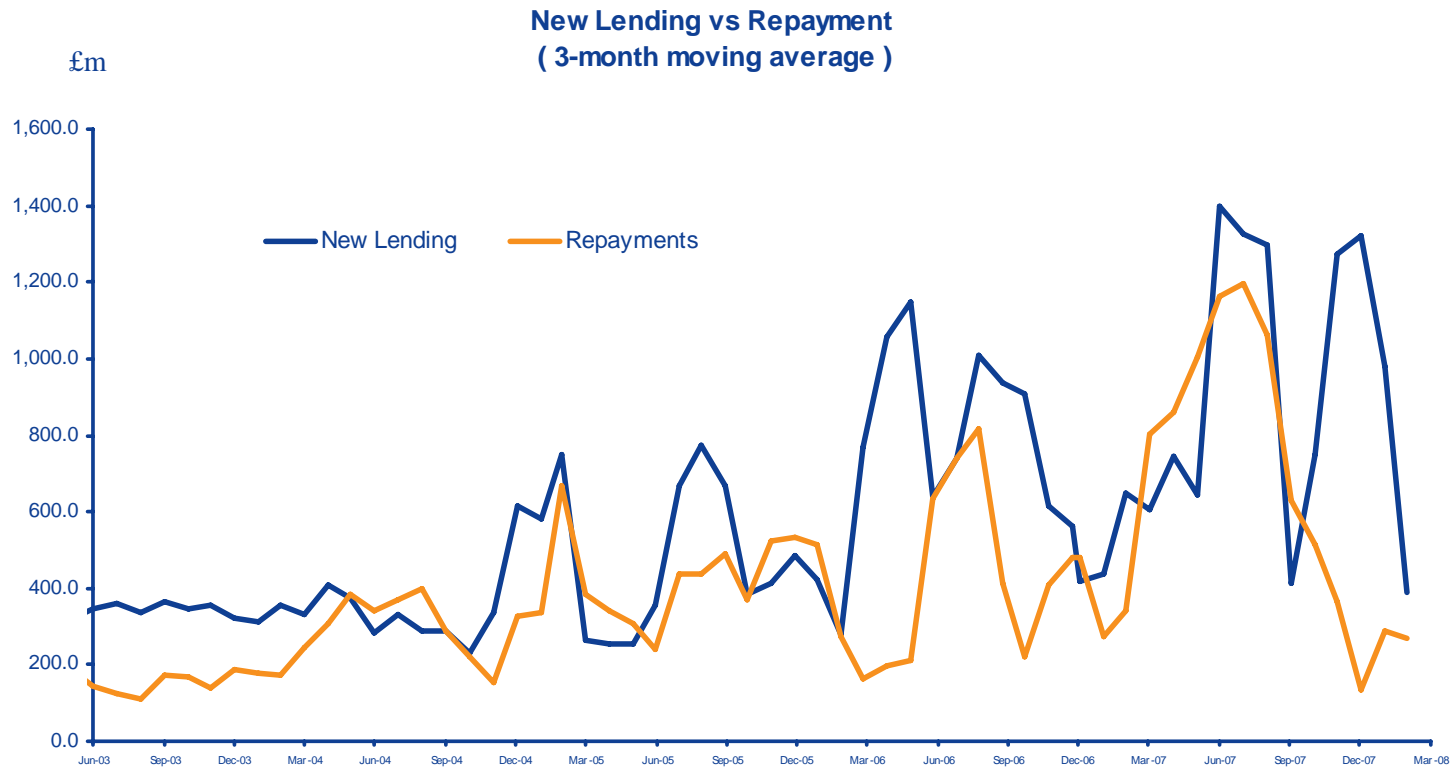
- **Liquidity crisis will take years to resolve**
- **Credit crisis: recession in prospect**
- **Debt market will continue to be volatile**
- **CDOs will not raise substantial new funds**
- **Fund raising of any sort very difficult**

Operational Priorities



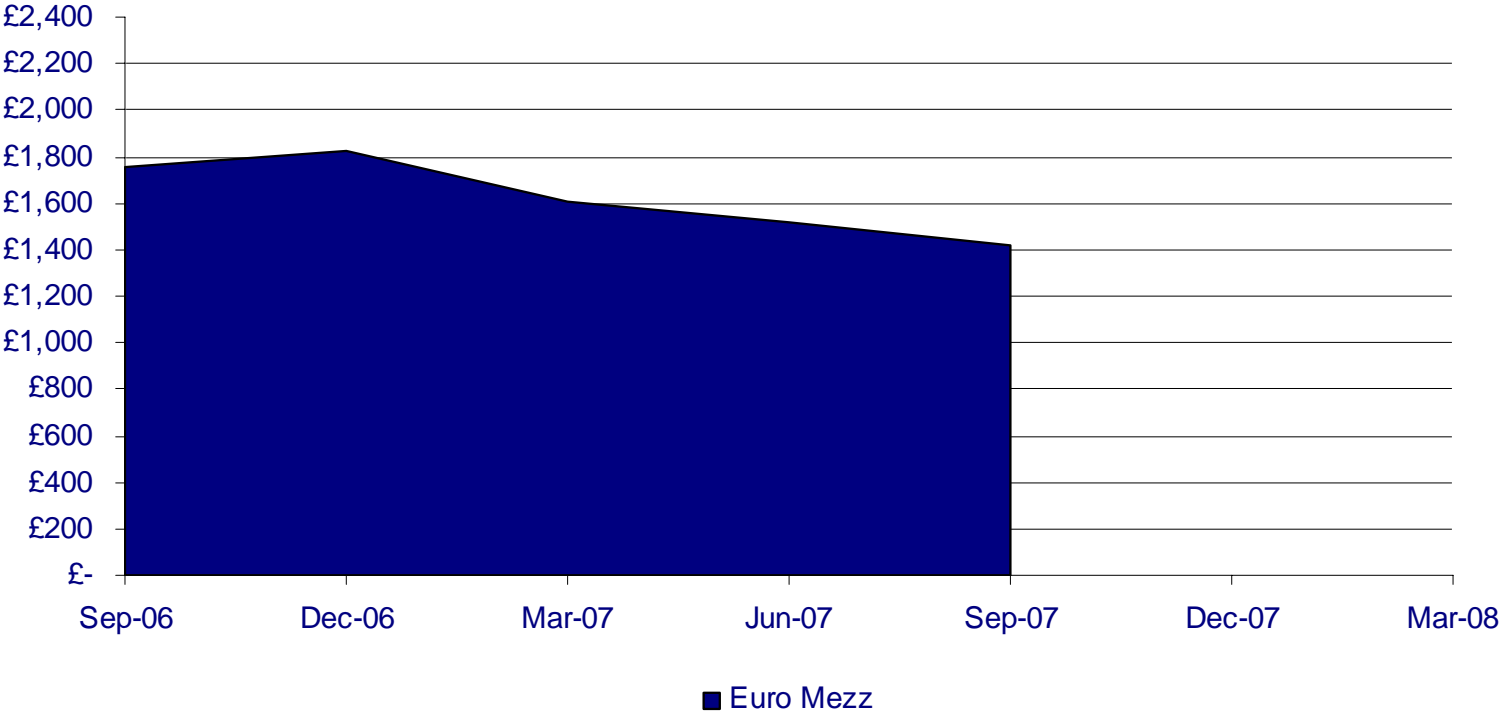
- **Maintain investment discipline**
 - **New investments**
 - **Monitoring**
- **A strong and liquid balance sheet**

New Lending vs Repayments





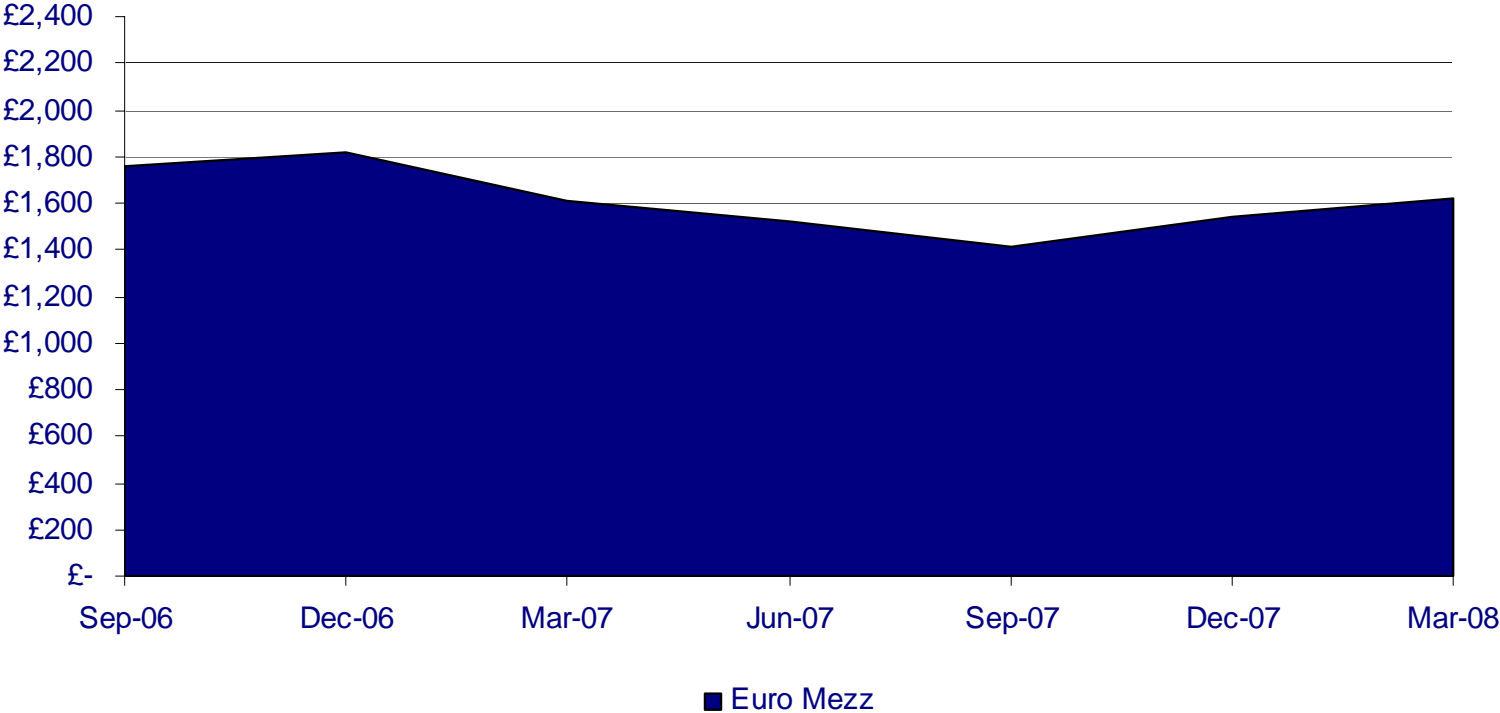
ICG European Loan Book



ICG Loan Book



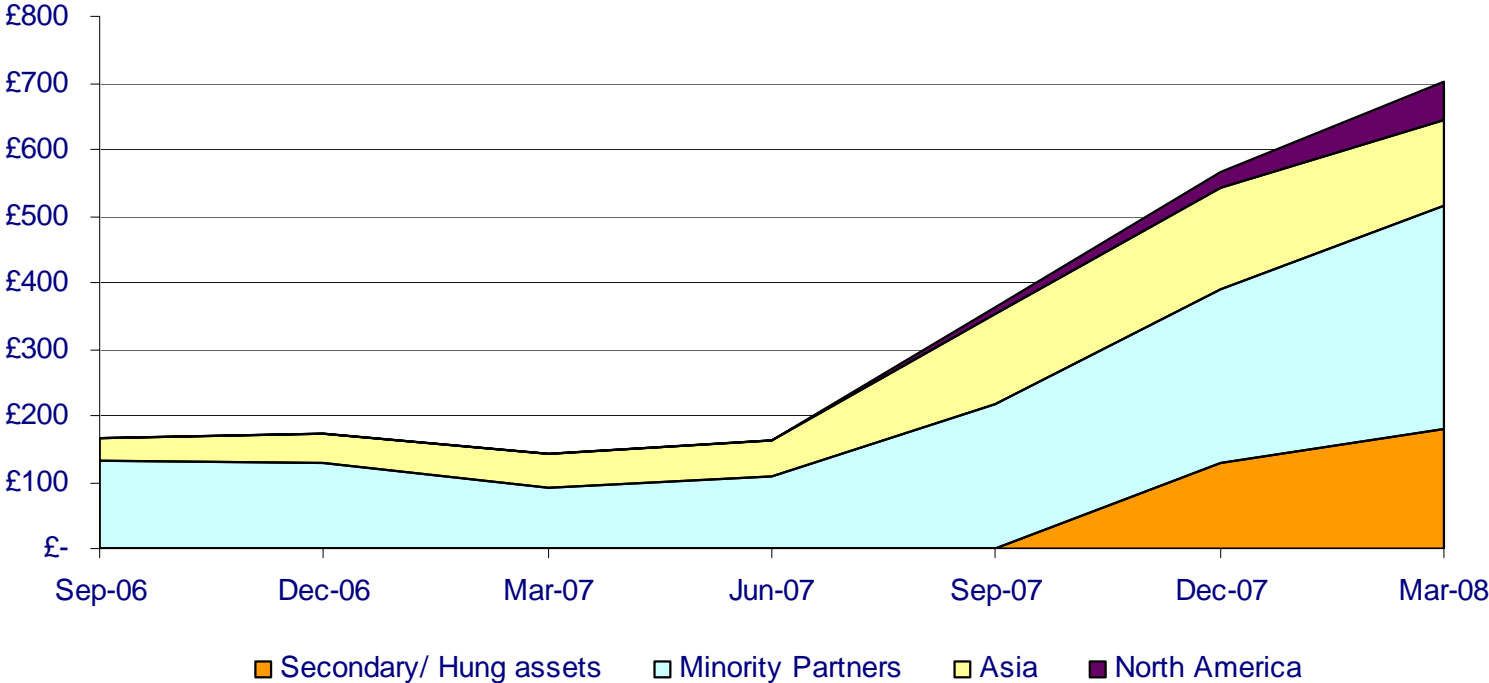
ICG European Loan Book



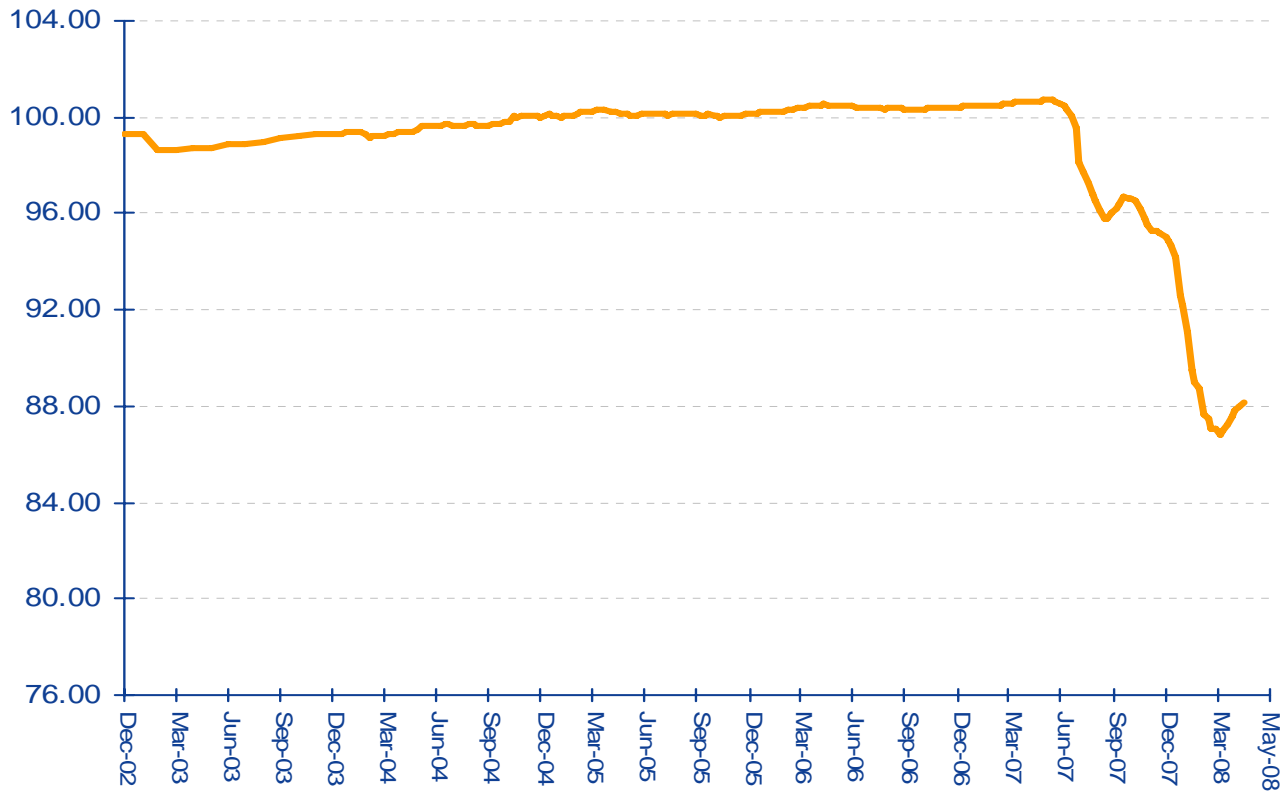
ICG Loan Book



ICG Loan Book - New Business Activities



Leveraged Loan Prices



Source: ELLI, S&P

European Hung Deals



European debt unwritten but not yet syndicated		
Company	Debt €m	Underwriters
Basell	15,943	Citi, GS, ML
Alliance Boots	10,809	DB, JP, Unicredit, Barcap, Citi, ML, RBS, BoA
Saga-AA	7,531	Barcap, Mizuho
EMI	4,000	Citi, DKW
Actavis	3,000	DB
Pearl Group	2,900	BoS, Bayern LB, DKW, Lloyds, Nomura
Endemol	2,715	Barcap, CS, GS, ML, Lehman, ABN Amro
Valentino	2,700	Citi, Mediobanca, Unicredit
Tank & Rast	2,270	RBS, HSBC, Santander
Samsonite	924	Barcap, RBS, SG, DB
Kaufman & Broad	1,454	Calyon, ML, Natixis, Fortis, Credit-Mutuel
Maxeda	1,075	ABN, Citi
Emap	1,058	HSBC, RBS, GE, Lloyds
Ideal Standard	1,048	BoA, CS
Hema	1,075	ABN, Citi
Sisal	990	Lehman, RBS, ABN Amro, Unicredit
Enterprise	975	Lloyds, Citi
DSI	900	Barcap, BoA
Luvata	725	MS, CIBC, Nordea
Taminco	700	ML, Rabobank, DKW, Fortis
Top 20 hung deals	62,792	<i>Sources: Standard & Poors LCD & Merrill Lynch</i>

On hung deals in Europe: “It will be a long road to clear the overhang...

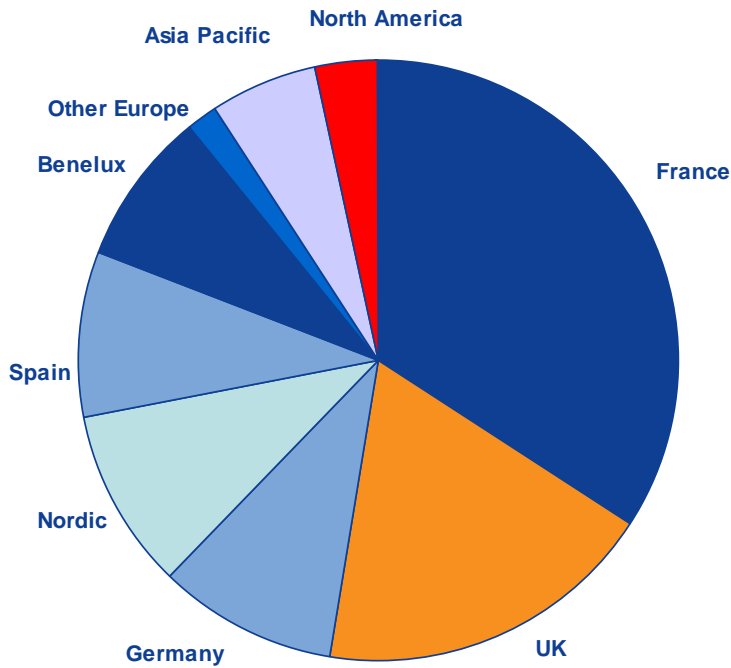
.....at present the more aggressive U.S. is offering better relative value for buyers looking in both markets”

Standard & Poors LCD Eurostats, 15 May 2008

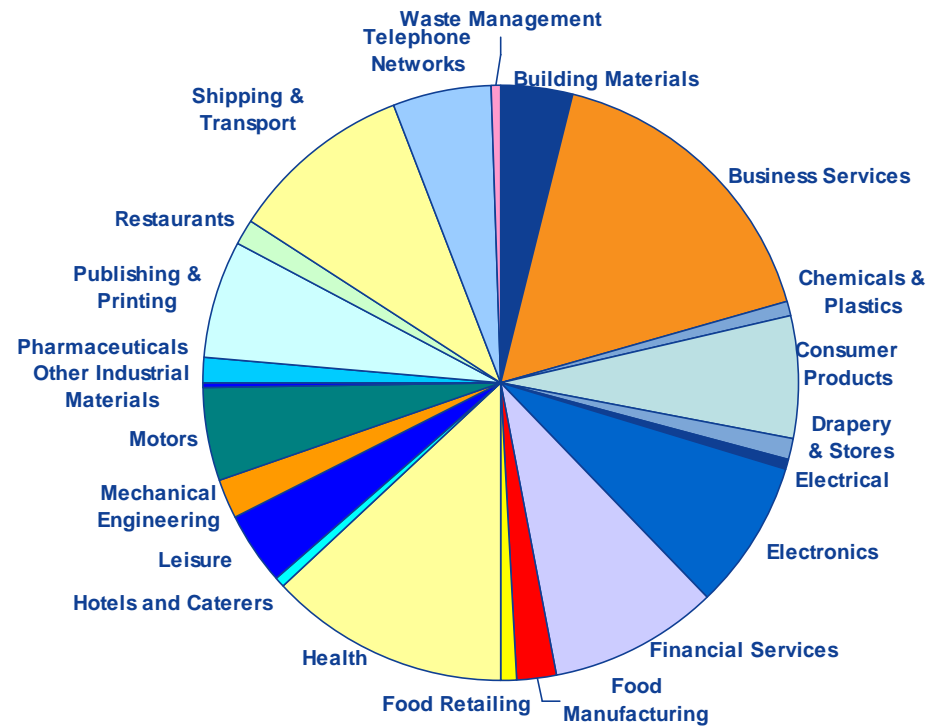
Portfolio diversity



Portfolio by geography*

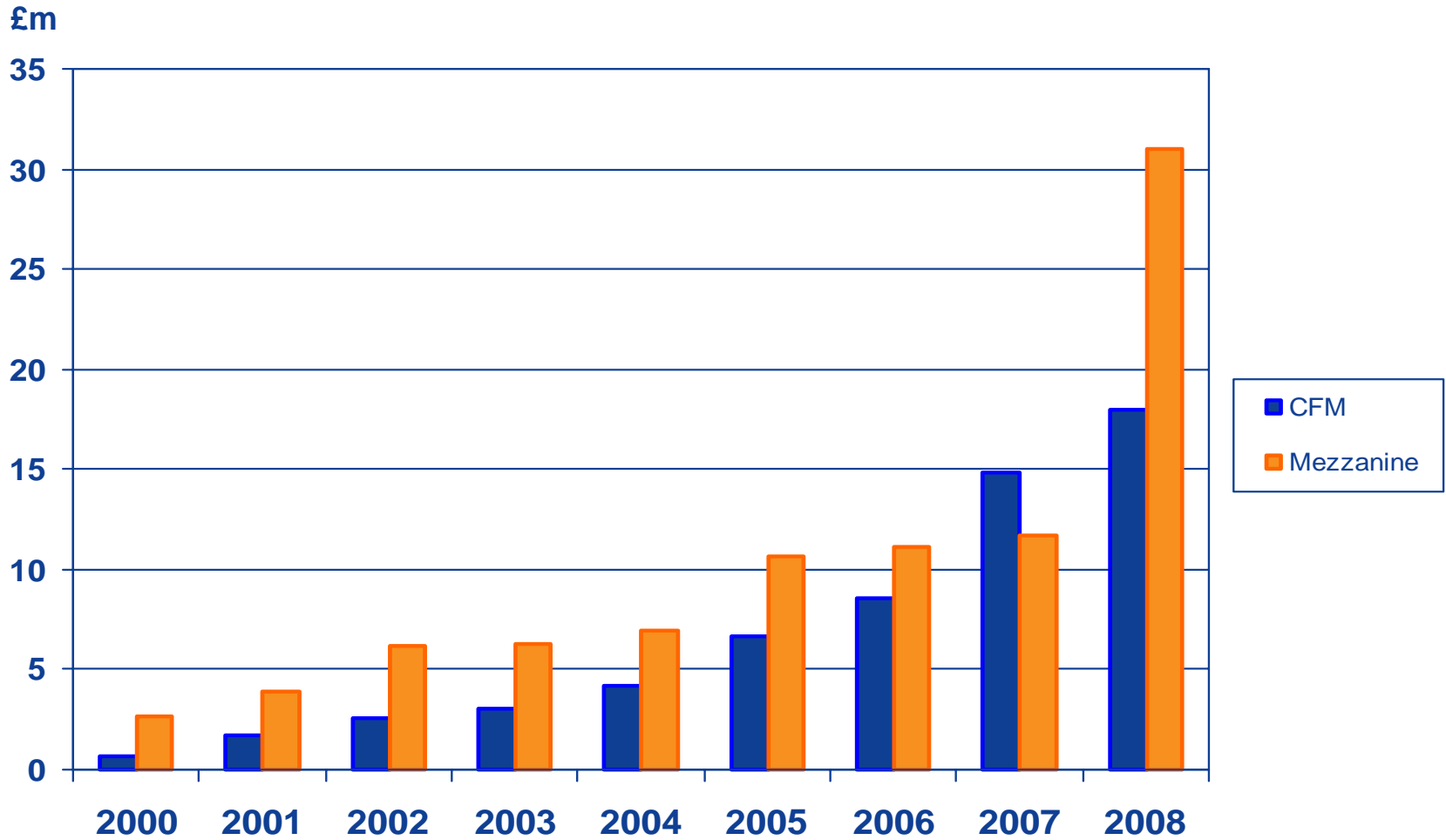


Portfolio by sector*



*at 31 March 2008

Fund Management Fee Income



Fund Management

Mezzanine Fund Management



- Mezzanine funds performing well
- Fee income up 158% to £31m
- European Fund 2006 38% invested

Fund Management New Mezzanine Funds



- **ICG Asia Pacific 2008: Second closing**
- **ICG Minority Partners Fund: First closing**
- **ICG Recovery Fund: Launched**

Credit Fund Management



- Fee income increases 22% to £18m
- Funds under management €5.4bn up 20%
- CDO's performing well
- Opportunities Fund disappointing
- New CDO launched in November 2007



Business & Financial Review

Achievements FY08

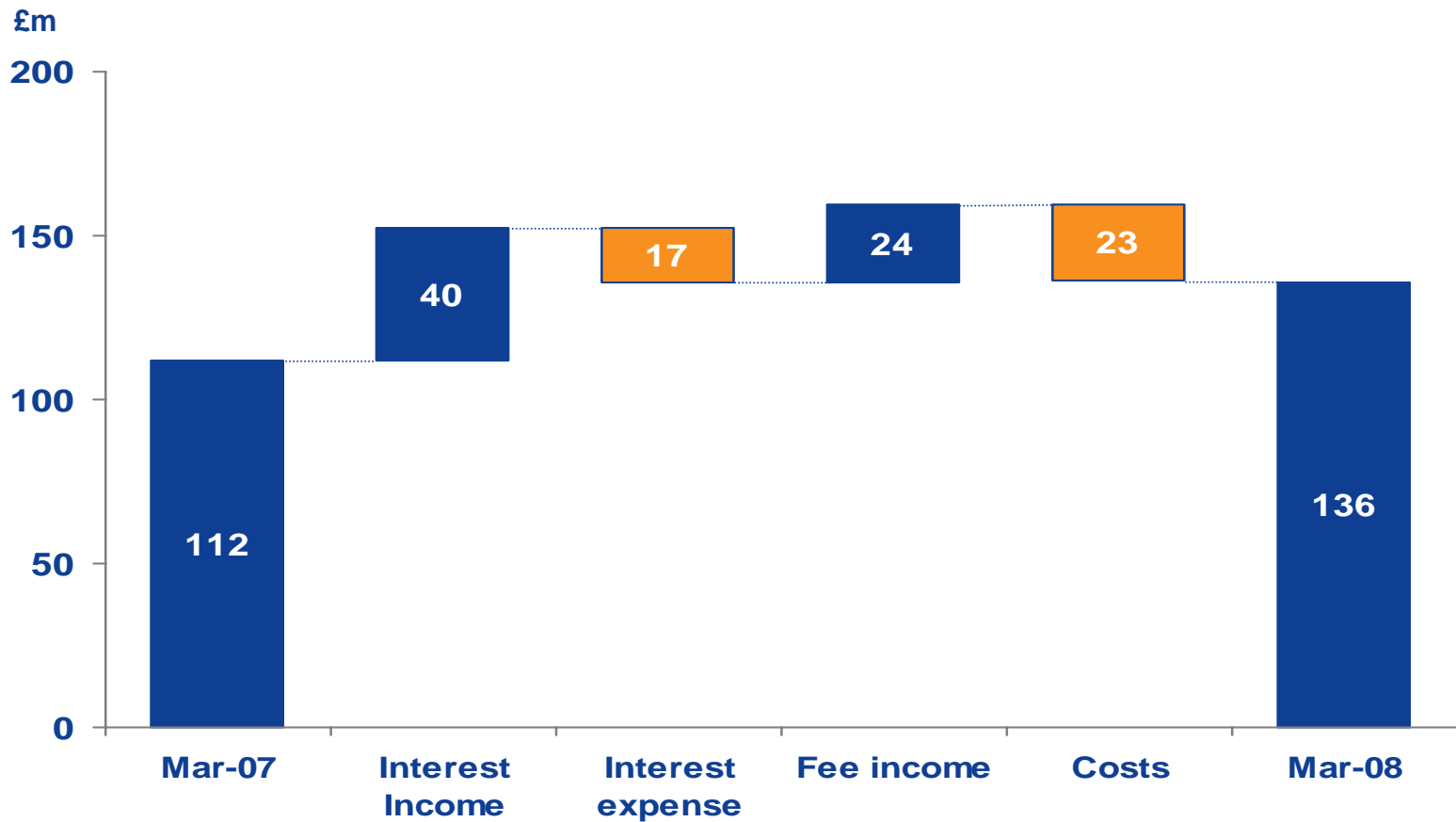


- **Opened New York office**
- **Established Minority Partners team**
- **Raised new CDO post summer credit crises**
- **Strengthened balance sheet**
- **Marketed two new funds**
- **Introduced new management structure**
- **Developed and initiated work on infrastructure plan**

Core Income



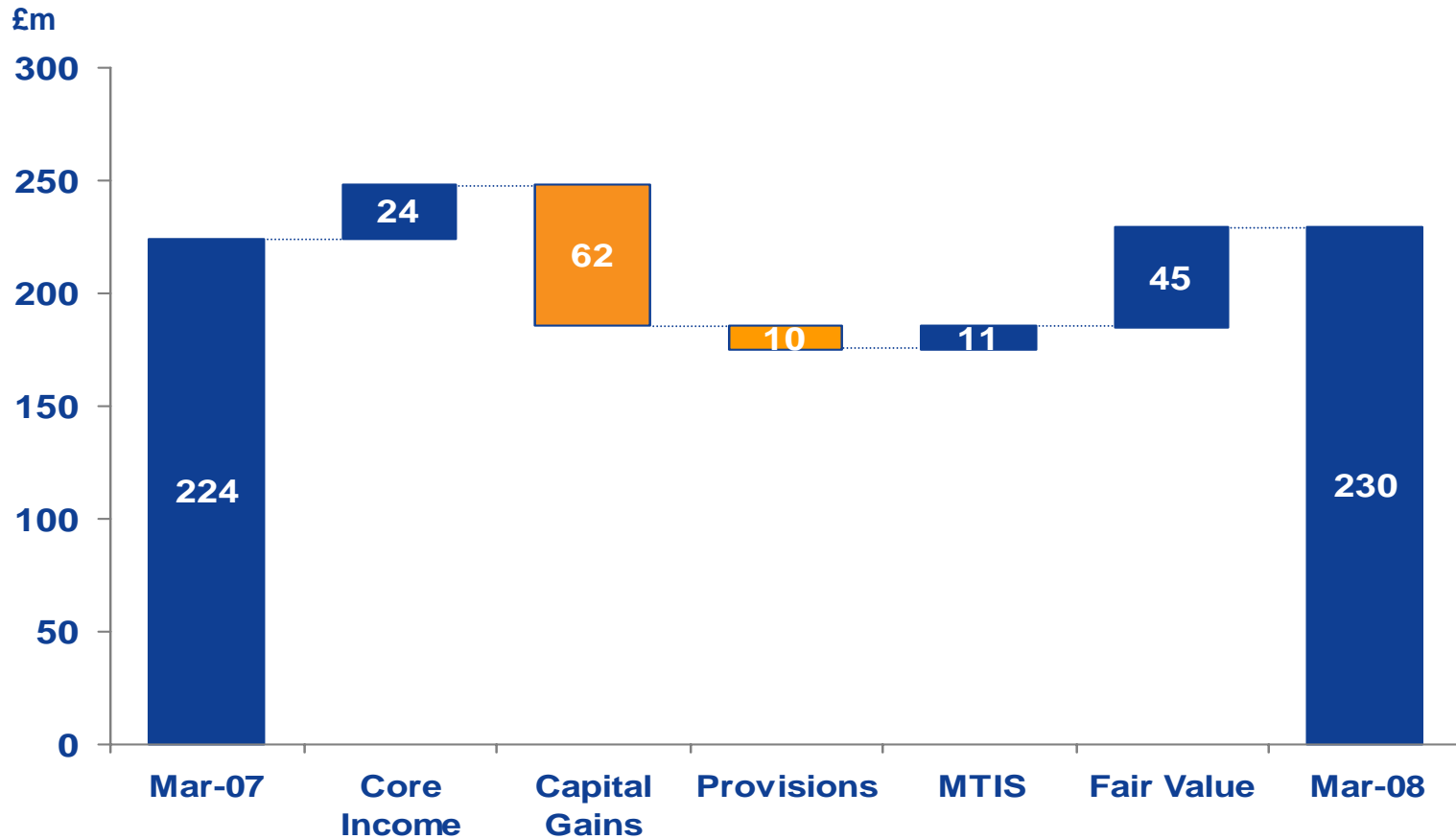
■ Core Income up 22% to £136m



Pre-tax profit



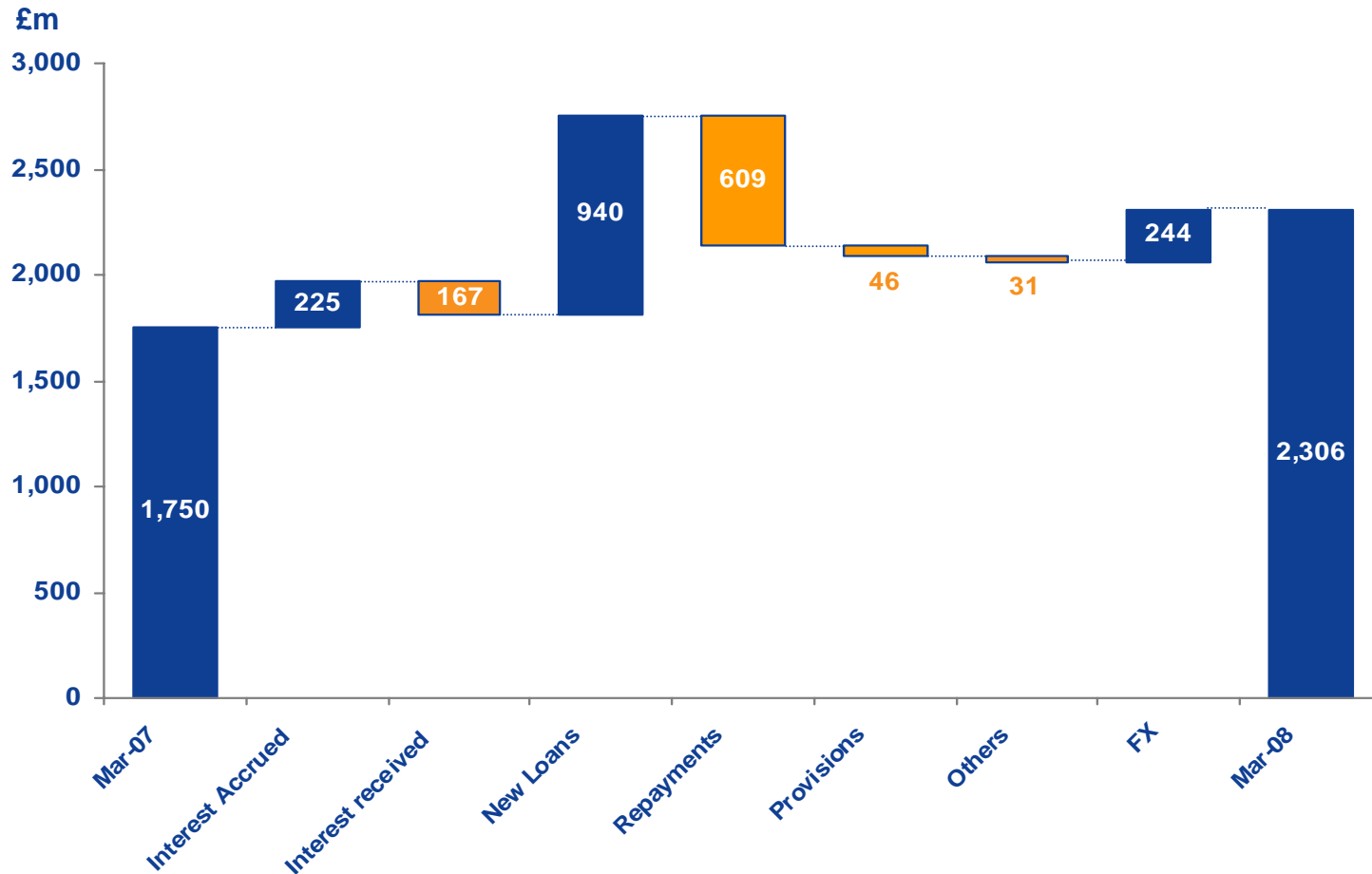
■ Pre-tax profit up 2% to £230m



Loan and Investment book



■ Loan and investment portfolio up 32% to £2.3bn

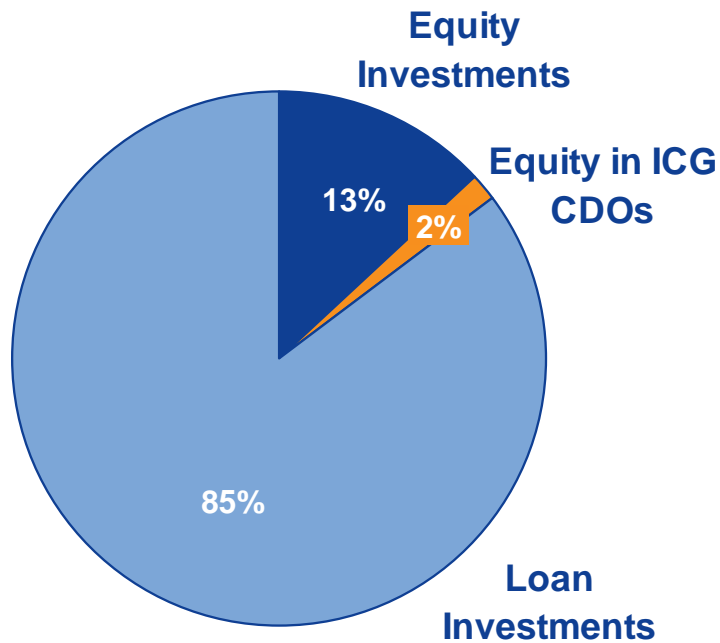


Portfolio diversity

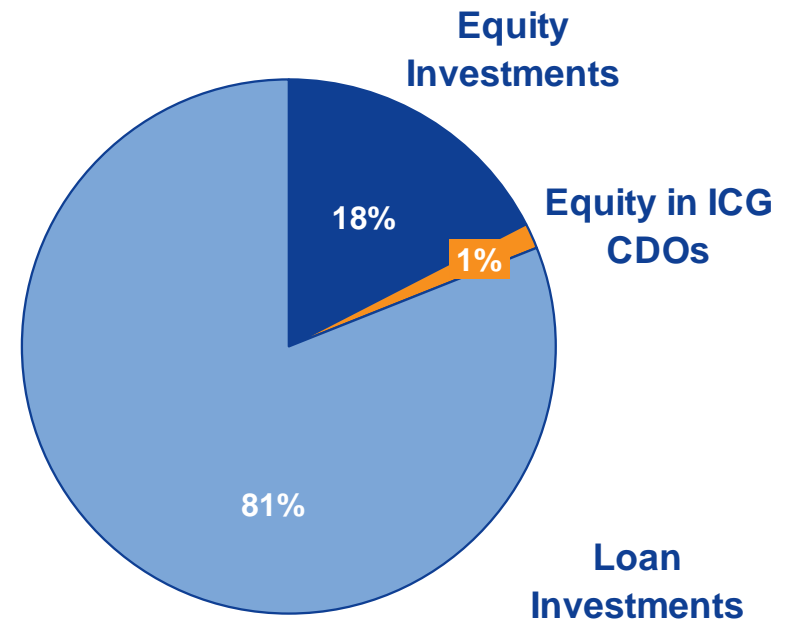


■ Investment assets by type

31 March 2007



31 March 2008



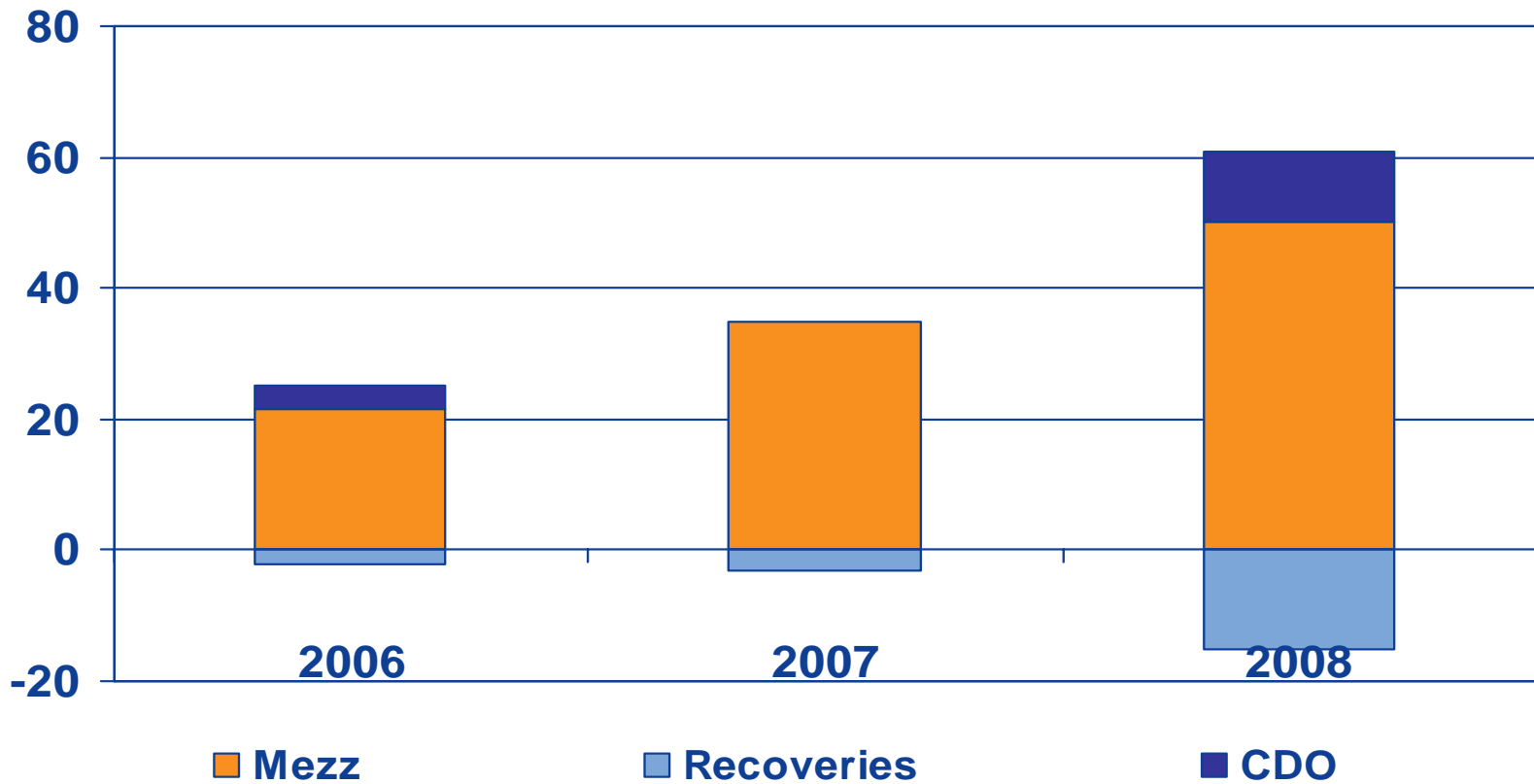
Changes to Price and Structure



Key deal terms

	June 2007	March 2008
Structure		
Total leverage	6-8x EBITDA	4-6x EBITDA
Mezzanine Pricing		
Total return	LIBOR/EURIBOR + 8	LIBOR/EURIBOR + 10%

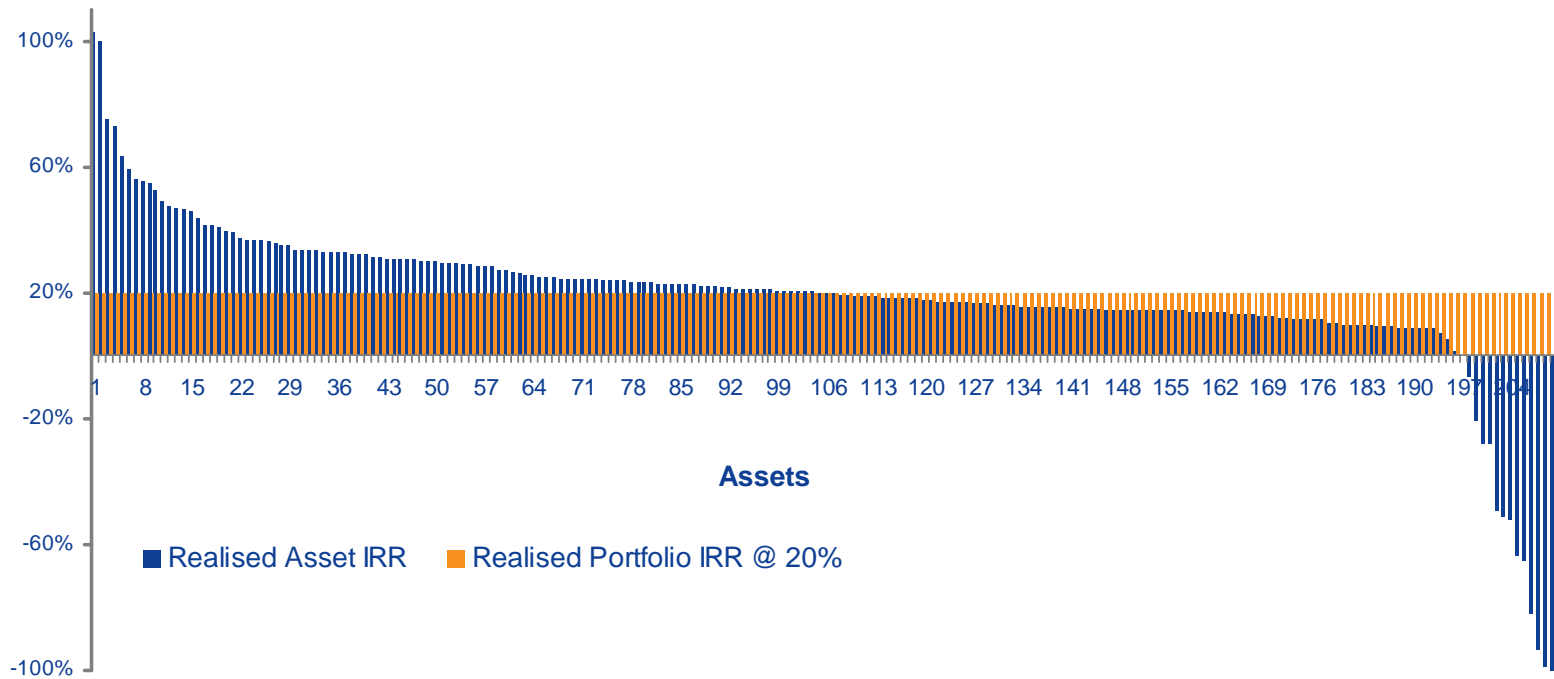
Breakdown of Provisions



Realised IRR – ICG Balance Sheet



Realised IRR
as at 31 March 2008



Funding and Gearing

- **Supportive Shareholders and Lenders**
- **BBB+ Rating**
- **Maintaining Balance Sheet capacity**
- **New Debt is at higher prices**
- **Conservative gearing policy**

Funding



	31 March 2008 £m	TERM
Existing bank facilities	1,067	4 - 5 yrs
New bank facility	500	3 yrs
Private placement	413	0 - 9 yrs
Securitisation	399	16 yrs
	2,379	5.8 years*
Utilised	1,374	
Headroom	1,005	

* weighted average life

Balance Sheet



	31 March 2008 £m	31 March 2007 £m
Loans and investments	2,306	1,750
Net current liabilities	(36)	4
	2270	1,754
Shareholders' funds	896	602
Borrowings	1,374	1,152
	2,270	1,754
Gearing ratios	148%	192%
Debt facilities	£2,379m	£1,951m

Priorities



- **Monitoring, Monitoring and Monitoring**
- **Average into downturn while maintaining credit discipline**
- **Maintaining strong balance sheet & prudent gearing**

Outlook



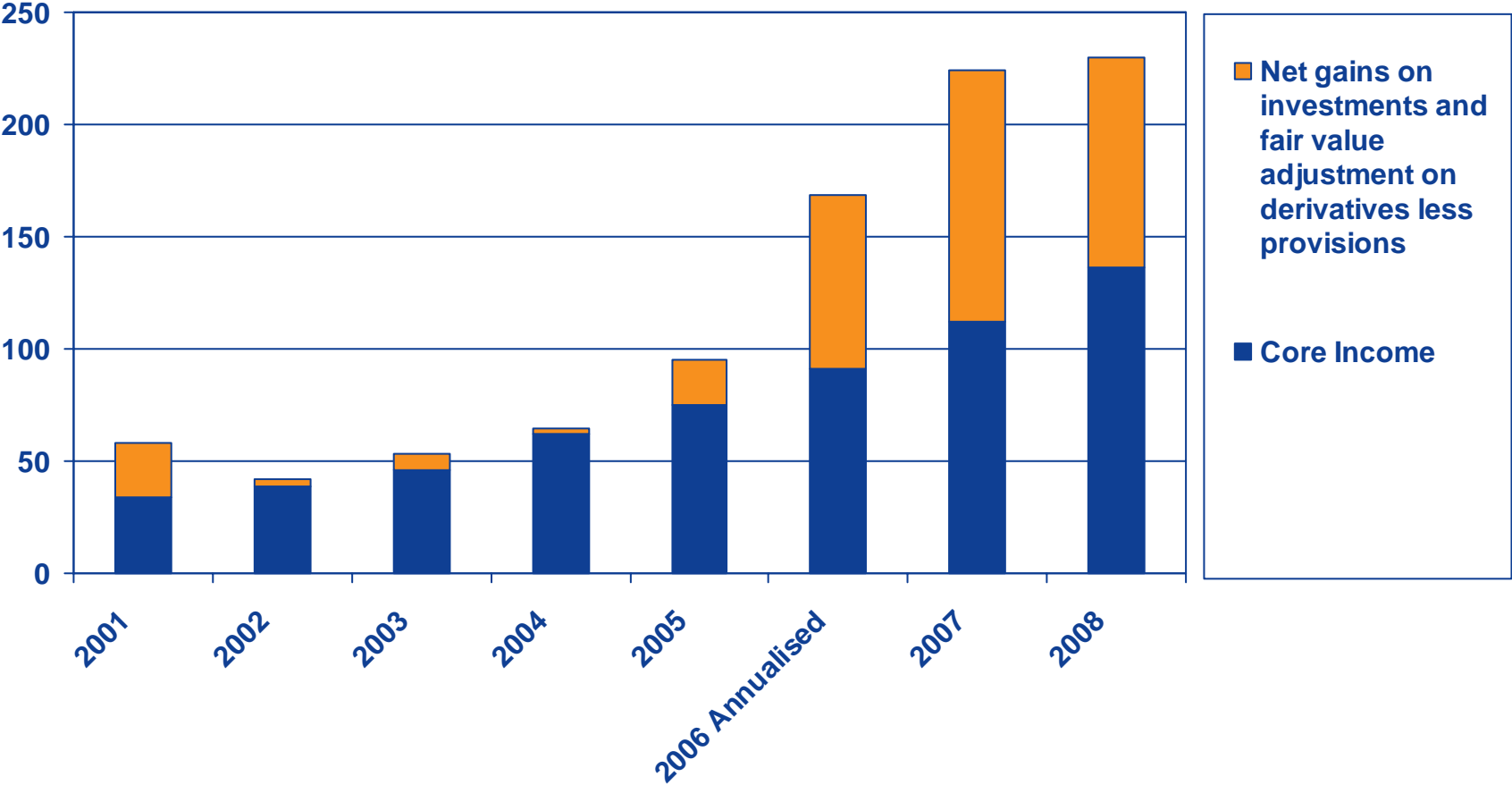
- **Prospects for Core Income are positive with momentum behind Net Interest Income**
- **Significantly lower Capital Gains**
- **Very good prospects for growing loan book at right balance of risk and return**

But

- **Lower repayments result in more rolled up interest on the balance sheet**
- **Economic slowdown will result in rising provisions – we just don't know where yet**

Appendix

Pre-tax profits



Core Income



	<i>Year ended 31 March 2008 £m</i>	<i>Year ended 31 March 2007 £m</i>	<i>Increase</i>
Income			
Interest and dividend income	236.9	196.8	20%
Fee and other operating income	57.0	33.3	71%
	293.9	230.1	28%
Less: related expenses			
Interest payable and other related financing costs	(38.3)	(66.6)	
Add back: net losses on derivatives held for hedging purposes	(36.2)	8.2	
Administrative & Operating expenses	(83.0)	(59.7)	39%
Core Income	136.4	112.0	22%
Core Income per share*	126.8p	99.8p	27%

* Restated for Rights Issue completed in February 2008

Net Interest Income



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Increase
Interest Income	236.9	196.8	20%
Interest Expense	(74.5)	(58.4)	28%
Net Interest Income	162.4	138.4	17%

Fee Income



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Increase
Arrangement/underwriting fees	7.2	6.3	14%
Mezzanine Fund management fees	31.2	12.1	158%
Credit Fund management fees	18.2	14.9	22%
	56.6	33.3	71%

Operating Expenses



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Increase
Staff Costs	43.2	32.8	32%
Other admin costs	19.5	14.1	38%
	62.7	46.9	34%
Medium Term Incentive scheme*	20.3	12.8	59%
Operating Expenses	83.0	59.7	39%
Expenses as % of core income	61%	53%	

* Charge relates to accrual of rolled up interest

Pre-tax profits



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Increase
Interest and dividend income	236.9	196.8	20%
Gains on investments	135.2	197.0	(31)%
Fee and other operating income	57.0	33.3	71%
	429.1	427.1	0%
Interest payable and other related financing costs	(38.3)	(66.6)	(42)%
Impairment of assets	(46.0)	(34.8)	32%
Administrative expenses	(115.3)	(101.7)	13%
Profit before tax	229.5	224.0	2%

Gains on Investments



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m	Increase
Realised gains on investments	133.9	188.1	(29)%
Unrealised gains on investments	1.3	8.9	(85)%
Cost of medium term incentive scheme	(32.3)	(42.0)	23%
Net gains on investments	102.9	155.0	(34)%

Impairments



	Year ended 31 March 2008 £m	Year ended 31 March 2007 £m
<hr/>		
Mezzanine and equity investments		
Gross Impairment	50.2	37.9
Recoveries	(14.8)	(3.1)
Equity in ICG-managed CDOs		
Gross Impairment	10.6	-
Recoveries	-	-
<hr/>		
Impairments net of write backs	46.0	34.8

Pre-tax Profits, Earnings per Share & Dividends

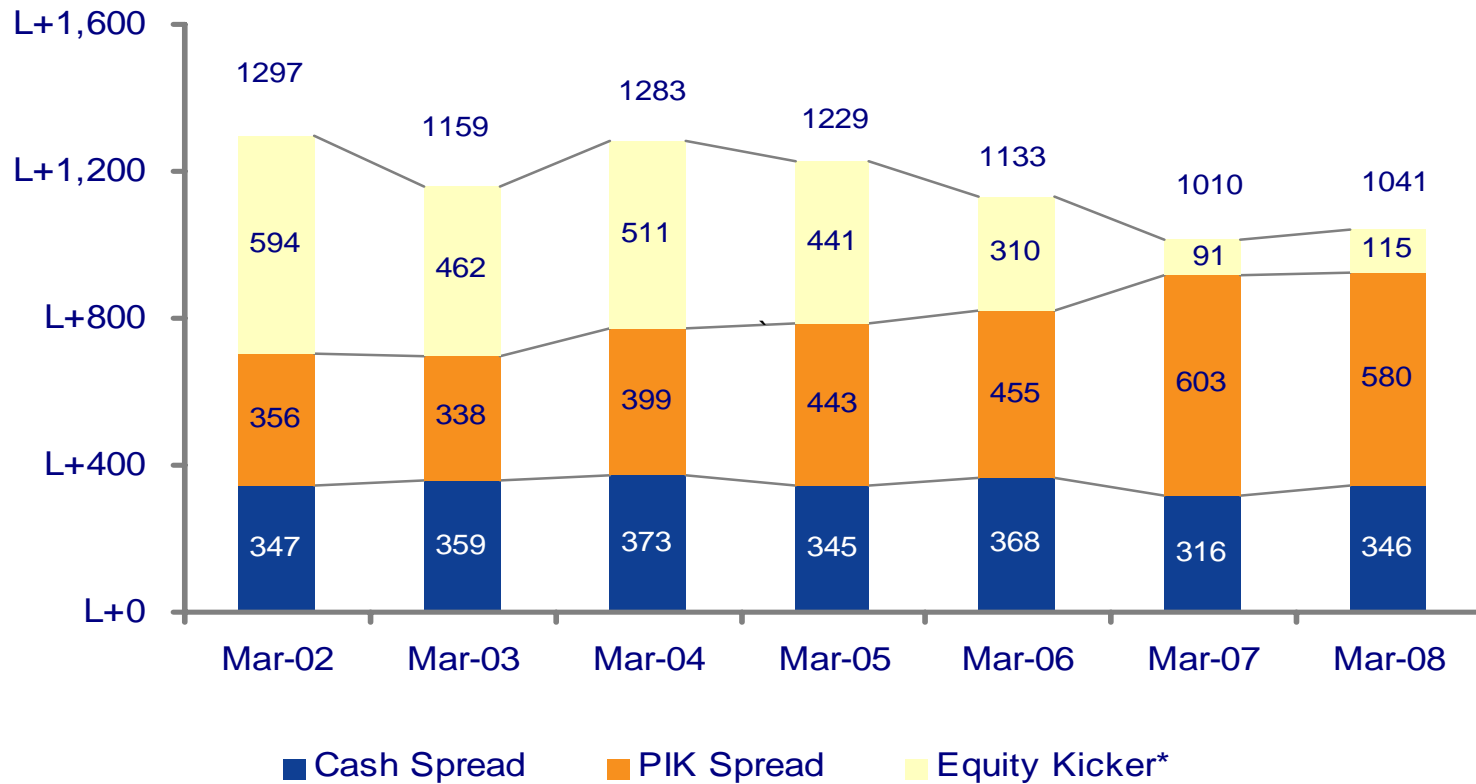


	Year ended 31 March 2008	Year ended 31 March 2007	Increase
Pre-tax profits	£230.0m	£224.0m	2%
Earnings per share	213.4	194.0p*	10%
Dividend per share	65.0p	55.0p*	18%

* Restated for Rights Issue completed in February 2008

Pricing

Blended Mezzanine Spread – New ICG Investments



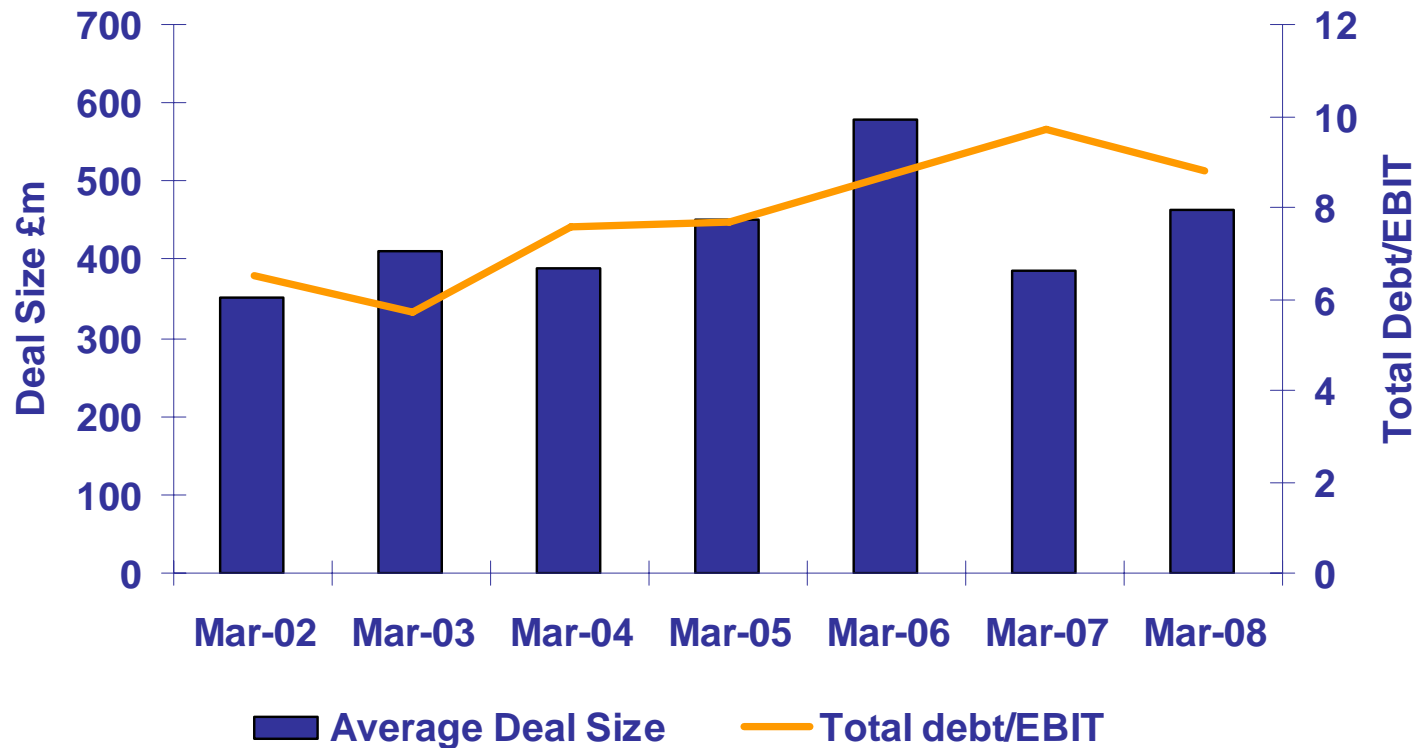
* Exclusive of equity co-investment

Bigger Deals?

Leverage & Deal Size – At Funding



(weighted by ICG Amount)



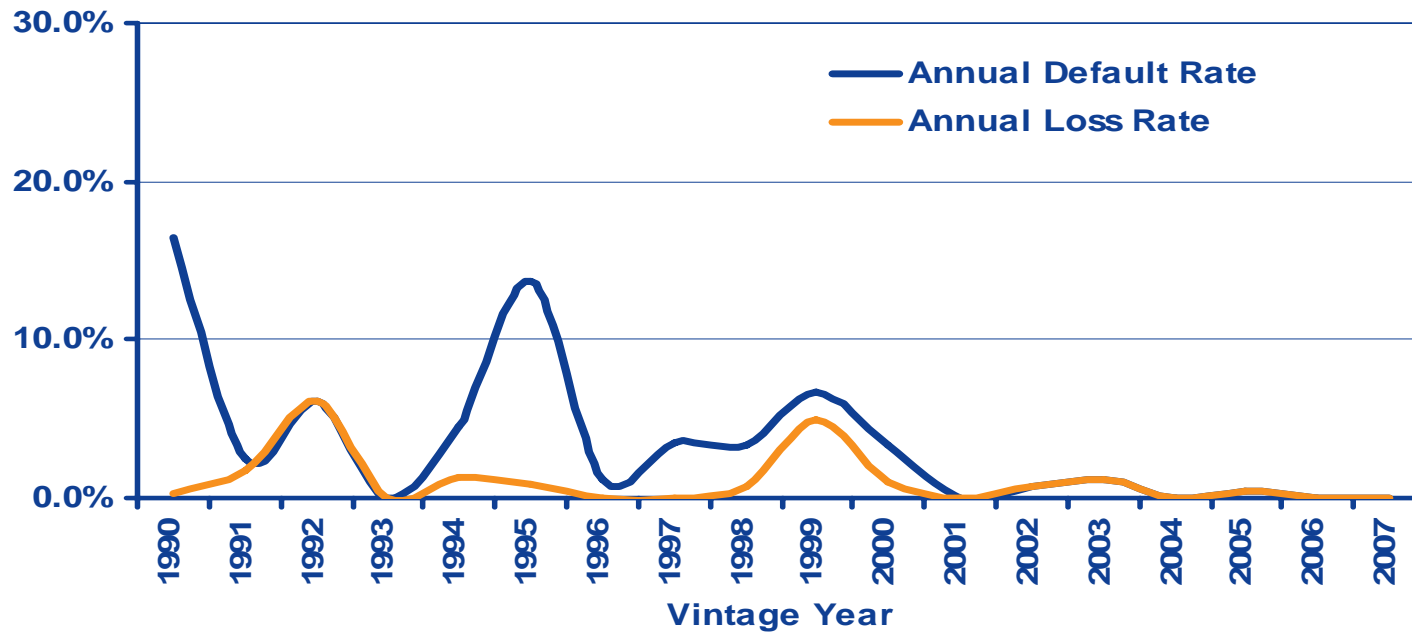
Default Analysis – ICG Portfolio

Cyclical Default On Balance Sheet Portfolio



- Recovery rate of 60% since inception

Default Profile by Investment Vintage



Investment Activity

12 months to 31 March 2008



Investment	Country	Business	Equity Sponsor	Currency	Mcurrency
Europe					
Alma	France	Tax recovery and cost reduction services	Candover	Eur	53.0
Applus+	Spain	Inspection, certification and technological services company	Carlyle	Eur	180.0
Attendo	Sweden	Operator of care homes	Industri Kapital	Eur	45.5
Bureau Van Dijk	Belgium	Electronic publisher of comprehensive company information	BC Partners	Stg	145.0
Dako	Denmark	Provider of cancer diagnostics instruments and reagents	EQT	USD	69.0
Elis	France	Textile rental and hygiene services	Eurazeo	Eur	150.6
Ethypharm	France	Manufacturer and developer of drugs	Astorg	Eur	64.4
Feu Vert	France	Auto centre operator	CDC	Eur	63.1
Firth Rixson	Cyprus	Manufacturer of components for aero engines	Oak Hill	Stg/USD	21.1
Flaktwoods	France	Supplier of energy-efficient air solutions	Barclays PE	Eur	47.0
Global Solutions	UK	Support services for public and private sector organisations	Cognetas/Engfield	Stg	20.0
Hune (ex Euroloc)	Spain	Equipment and machinery	Advent	Eur	53.1
Indas	Spain	Manufacturer of incontinence products	Vista Capital	Eur	38.2
Inspecta	Finland	Testing, inspection and certification business	3i	Eur	49.5
Interbest	Netherlands	Roadside advertising	Waterland	Eur	22.0
Minimax	Germany	Fire protection systems/services	Industri Kapital	USD	18.9
Parkeon	France	Developer and manufacturer of parking and transit ticketing systems	Barclays PE	Eur	57.4
Q Matic	Sweden	Supplier of queue management systems	Altor	SEK	255.0
Retif	France	Wholesaler and retailer of display units	Pragma/Barclays/ABN	Eur	55.0
SAG	Germany	Service and technical solutions provider for utilities	EQT	Eur	99.0
Swets	Netherlands	Global subscription services	Gilde	Eur	25.0
Tractel	France	Manufacture of lifting and access related products	Industri Kapital	Eur	35.1
Via Location	France	Truck rental	Weinberg Capital Partners	Eur	47.0
V Ships	UK	Shipping management services	Exponent	USD	10.0

Investment Activity

12 months to 31 March 2008



Investment	Country	Business	Equity Sponsor	Currency	Mcurrency
Asia Pacific					
Franklin	Singapore	Provides rigging, lifting and mooring services to offshore and marine industries	3i	Sing\$	96.3
Hoyts	Australia	Multiplex cinema and screen advertising	PEP	A\$	80.0
NZ Yellow Pages	New Zealand	Directories business	CCMP	NZ \$	72.0
Taiwan Broadband Com.	Taiwan	Cable network operator	ICG	USD	254.4
North America					
Au Bon Pain	USA	Restaurant operator	LNK Partners	USD	35.9
CoActive (ex ITT Switches)	USA	Designer, manufacturer & distributor of electromechanical switches interface control systems and dome arrays	Littlejohn	USD	40.5
Helicon Cable	USA	Cable company	MCG Capital	USD	18.9
Intelstat	USA	Fixed satellite service operator	BC Partners	USD	85.0
Press Ganey	USA	Outsourcing solutions for healthcare providers	Vestar	USD	35.0
Minority Partners					
Eismann	Germany	Frozen food home delivery service	Management	Eur	78.0
Gaucho	UK	Restaurant chain	Management	Stg	49.0
Marken	UK	Clinical trial logistics	Management	Stg	171.9
Secondary assets					
Ista	Germany	Service provider in the metering industry		Eur	10.1
Pages Jeune	France	Telephone directory	KKR/GS	Eur	5.7
TDF	France	Broadcast transmission services	TPG	Eur	12.3
Vivarte	France	Clothing & footwear retailer	Charterhouse	Eur	13.9

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