ICG

Full year results presentation

20 May 2015

Operational highlights
Excellent fundraising resulting in record AUM

- Record AUM of €18.0bn, up 39% on March 2014, following a record €6.4bn of new money raised
- Third party fee earning AUM increased 39% to €12.3bn
- Our European funds – European Mezzanine, Senior Debt Partners and UK Real Estate – are being raised in record time, contributing 48% of the total money raised in the year
- Pace of realisations slowed in the second half as expected
- Fundraising momentum continues, with 11 funds being marketed and new secondaries strategy launched
- All funds investing on target whilst maintaining credit discipline
- Resilient portfolio, with net impairments significantly lower than prior year at £37.6m (2014: £112.4m), below target of 2.5% of opening Investment Company portfolio

Financial highlights
Strong performance in line with our expectations

- Profit before tax £184.1m[1] (2014: £175.1m included realisation of largest balance sheet investment)
- Fund Management Company profit £52.0m (2014: £35.1m); Investment Company profit[1] £132.1m (2014: £140.0m)
- Continued momentum in increasing, diversifying and extending the Group's financing maturity profile
- Board announces £300m special dividend for 2015; £100m buyback completed
- Full year ordinary dividend up 4.8% to 22.0p per share (2014: 21.0p)
- Return on equity of 11.0% (2014: 10.2%)

[1]Profit before tax excludes the impact of fair value movements on derivatives (2015: £7.1m; 2014: £16.4m), the 2015 Employee Benefit Trust Settlement (£17.9m) and the consolidation of eight credit funds following the adoption of IFRS10

Business transition

FY10 - FY15 Building the platform	Priorities for the next 12 months	FY17 - FY18 Profit maturity
▪ Manage pre global financial crisis portfolio	▪ Consolidate and broaden existing strategies	▪ Deliver gross fundraising target
▪ Develop a scalable infrastructure platform	▪ Maximising profitability on our strategies	▪ Enhance brand and client base
▪ Establish an in-house distribution capability	▪ Improve capital efficiency	▪ Selective acquisitions and team hires to expand product range
▪ Develop new products		▪ FMC operating margin to increase
▪ Build a global franchise		▪ Optimise co-investment ratio
		▪ Greater capital efficiency

Financial Review

Financial highlights
Record FMC profits driven by performance fees

	12 months to 31 March 2015	12 months to 31 March 2014
Group profit before tax[1]	£184.1m	£175.1m
Fund Management Company profit before tax	£52.0m	£35.1m
Investment Company profit before tax[1]	£132.1m	£140.0m
Earnings per share	50.3p	37.0p
Return on equity	11.0%	10.2%
Gearing	0.49x	0.39x
Available headroom	£758m	£678m
Dividend per share	22.0p	21.0p
Net asset value per share	£4.02	£3.93

- New accounting standard IFRS 10 requires eight credit funds to be consolidated into statutory results
- Assets and liabilities grossed up with minimal impact on shareholders' funds
- All numbers in the financial review shown excluding the impact of IFRS 10

[1] Profit before tax excludes the impact of fair value movements on derivatives (2015: £7.1m; 2014: £16.4m), the 2015 Employee Benefit Trust Settlement (£17.9m) and the consolidation of eight credit funds following the adoption of IFRS10

Segmental reporting

£m		12 months to 31 March 2015	12 months to 31 March 2014
Fund Management Company	Third party fee income	95.8	79.0
	IC management fee	18.7	20.7
	Other income	12.8	0.9
	Operating costs	(75.3)	(65.5)
	FMC profit	52.0	35.1
Investment Company	Net interest income	118.8	149.0
	Dividend & other income	7.9	26.6
	Operating costs	(49.9)	(36.6)
	IC management fee	(18.7)	(20.7)
	Impairments	(37.6)	(112.4)
	Net capital gains	111.6	134.1
	Fair value movement on derivatives	*(7.1)*	*(16.4)*
	IC profit	125.0	123.6
Group	*Adjusted profit before tax[1]*	*184.1*	*175.1*
	Profit before tax	177.0	158.7

[1] Profit before tax excludes the impact of fair value movements on derivatives (2015: £7.1m; 2014: £16.4m), the 2015 Employee Benefit Trust Settlement (£17.9m) and the consolidation of eight credit funds following the adoption of IFRS10

Balance sheet and capital strategy
Return on equity improving as balance sheet re-gears

£m		31 March 2015 Proforma	31 March 2015 Actual	31 March 2014 Actual
Assets	Loans and investments	1,691	1,691	1,908
	Assets for syndication	244	244	116
	Cash	133	277	115
	Other	123	123	102
	Total assets	**2,191**	**2,335**	**2,241**
Liabilities	Borrowings	857	707	587
	Other	171	172	145
	Shareholders funds	1,163	1,456	1,509
	Total liabilities	**2,191**	**2,335**	**2,241**
Balance sheet metrics	Gearing ratio	0.72x	0.49x	0.39x
	Debt facilities	1,213	1,213	1,182
	Available headroom	464	758	678

- £300m capital return and associated share consolidation announced, subject to shareholder approval
- Re-gear the balance sheet to a range of 0.8-1.2x by July 2016
- Improve return on equity to over 13%
- Increasingly diversified sources and maturities of financing

Cash flow
Highly cash generative operating model

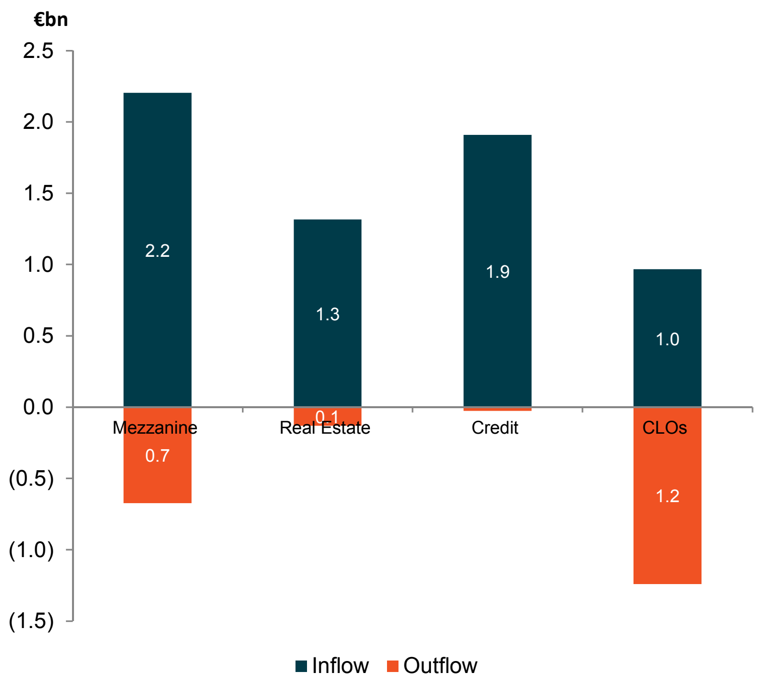
£m	12 months to 31 March 2015	12 months to 31 March 2014
Cash in from realisations and recoveries	505.6	903.0
Cash paid to purchase loans and investments	(359.8)	(393.5)
Cash movement in assets held for syndication to funds	(126.4)	(81.4)
Cash in from fees	94.4	80.2
Cash in from dividends and interest	159.9	302.4
Cash interest paid	(33.8)	(37.8)
Operating expenses paid	(89.8)	(89.0)
Total operating and investing cash flows	**150.1**	**683.9**
Cash core income	116.5	246.0

Fund Management Company

Third Party Assets under management

Third party AUM increases 47% with record fundraising

FY15 AUM inflows/outflows by strategy



- Record fundraising led by our European Funds
- Total net increase €5.0bn; inflows €6.4bn; outflows €2.1bn and €0.7m FX and other
- Realisations primarily arising on older CLO vintages
- Third party AUM up 47% and to increase further as fund raising momentum continues
- Fee earning AUM increased by 39% since FY14

AUM by Business Unit

€m	Fee earning AUM 31 March 2015	Fee earning AUM 31 March 2014	AUM 31 March 2015	AUM 31 March 2014
Mezzanine	5,064	3,477	5,394	3,678
Real Estate	1,766	588	2,703	1,274
Credit	1,628	896	3,756	1,866
CLOs	3,819	3,851	3,819	3,851
	12,277	8,812	15,672	10,669

AUM outflows

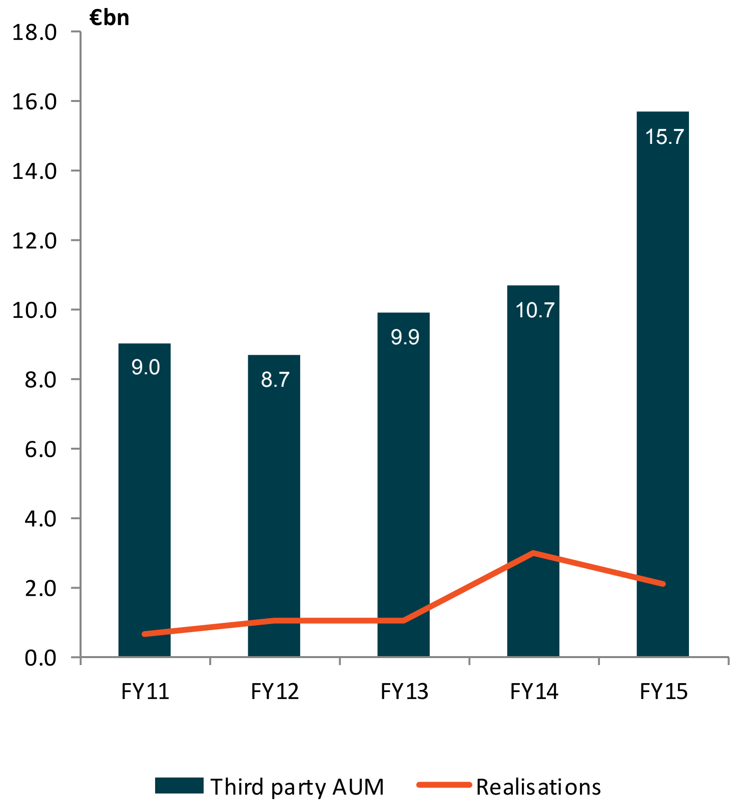
Net AUM increasing as pace of realisations slows

- Record period of realisations in FY14 are a catch up from earlier periods delayed by economic downturn
- Pace of realisations slowed with 19% of opening AUM realised vs. 30% in FY14
- Income and cash generated from realisations reinvested, developing product range
- Invested funds have a further life cycle of 6-8 years

AUM by fund life cycle

€m	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Investing	12,012	6,799	4,742	5,421
Fully invested	3,660	3,870	5,158	3,258
	15,672	**10,669**	**9,900**	**8,679**

AUM in invested funds



Fee Income

Fee income to increase as funds in new strategies invested

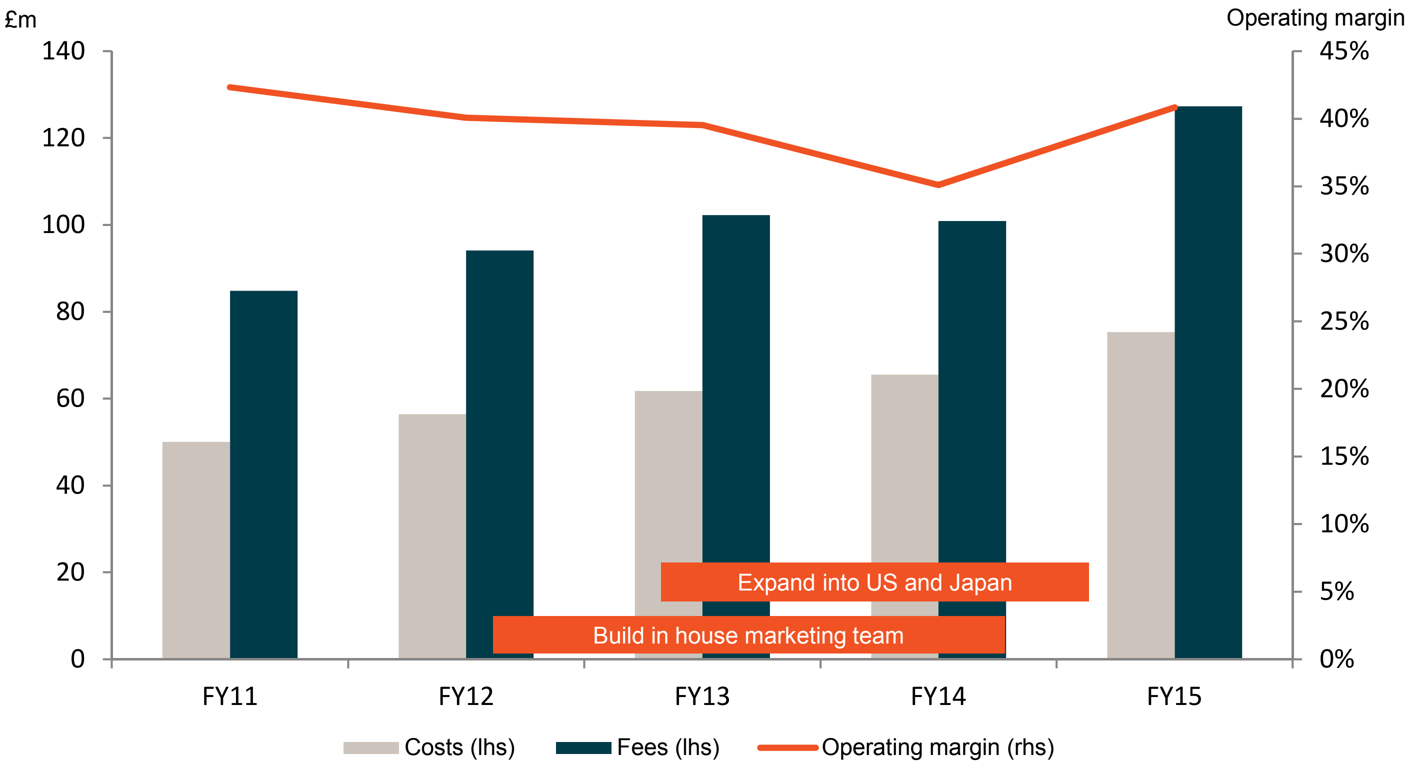
Fee income by fee profile

£m	Fee Income Committed basis	Invested basis	Performance fees	Total fee income	Outlook for fees
Mezzanine	21.2	14.0	26.6	61.8	European Fund VI full year impact North America I to increase as investment increases Asia Pac III and Japan to increase as fundraising continues
Secondaries	0.4	-	-	0.4	New fund to raise
Real Estate	-	10.7	-	10.7	Longbow IV to increase as funds invested and fund raising continues Longbow Development Fund to increase as funds invested and fund raising continues Senior Debt Mandates II to increase as funds invested Senior Debt Fund to be launched
Credit	-	7.8	0.5	8.3	Senior Debt Partners II to increase as funds invested, more than offsetting realisations in Senior Debt Partners I Private mandates to increase as fully invested
CLOs[1]	14.5	-	0.1	14.6	CLO program to continue in US and Europe, more than offsetting realisation of older CLOs
	36.1	**32.5**	**27.2**	**95.8**	

- Weighted average fee rate across fee earning AUM 0.91% (FY14: 0.86%)

[1] CLOs invest quickly so have been included above as funds charging fees on a committed basis

FMC operating margin
Operating margin benefitting from performance fees



FMC operating costs
Investment in new strategies contributing to increased costs

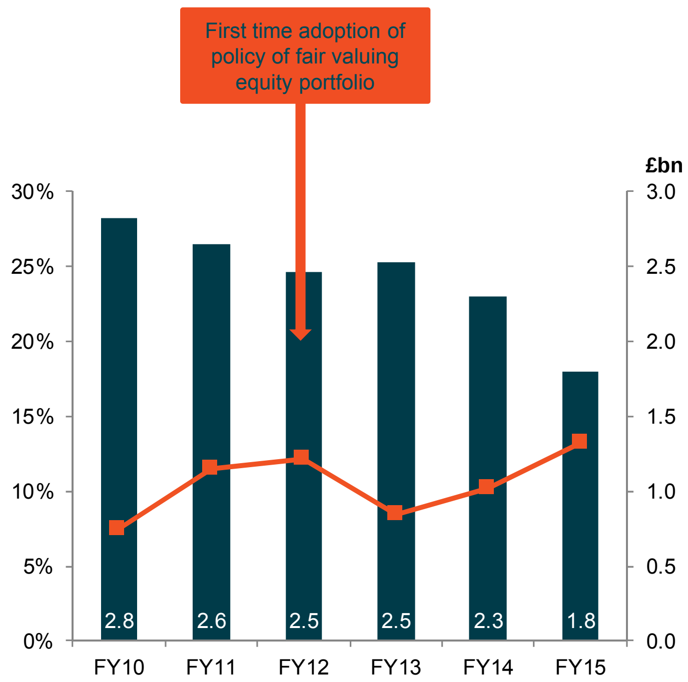
£m	12 months to 31 March 2015	12 months to 31 March 2014
Investment team salaries	19.0	15.7
Marketing salaries	4.0	2.8
Infrastructure salaries	4.4	5.0
Salaries	**27.4**	**23.5**
Cash bonus	6.5	4.0
Deferred awards	12.5	9.6
Incentive schemes	**19.0**	**13.6**
Other non staff costs	23.7	23.3
Placement fees	5.2	5.1
Total	**75.3**	**65.5**
Average headcount	190	160

Investment Company

Return on assets

Portfolio stabilised in H2 after a period of record realisations

Average investment book and return on assets



Average loan book by asset type

	31 March 2015		31 March 2014	
	£m	%	£m	%
Mezzanine and senior debt	743	41%	1,277	56%
Interest bearing equity	208	12%	283	12%
Non interest bearing equity	395	22%	415	18%
Investment in credit and equity funds	248	14%	165	7%
Investment in CLOs	129	7%	92	4%
Investment in real estate funds	77	4%	68	3%
	1,800	**100%**	**2,300**	**100%**

- Average investment book fell 22% following high level of realisations
- Return on assets of 14%, up from 10% in FY14 which was adversely impacted by impairments

Balance Sheet
Capital used to hold assets for funds being raised

Current assets for syndication by strategy (£m)

- Current assets held for syndication means we can source attractive deals whilst fundraising
- Hold period on average less than 12 months, during which IC generates a return
- At 31 March 2015, £94m of mezzanine assets held include
  - Groupe Charlois for Europe Fund VI
  - PGT and part of Cura for ICAP III
- At 31 March 2015, £74m of assets held for PE Secondaries to transfer to fund on close

Capital gains

Portfolio performance improving, driving unrealised gains

£m	12 months to 31 March 2015	12 months to 31 March 2014
Realised gains/(losses)	6.8	(3.6)
Realised gains recycled from AFS	18.0	125.7
Unrealised gains	86.8	12.0
Total	**111.6**	**134.1**

Investment Company costs

Strong cash generation driving incentive costs

£m	12 months to 31 March 2015	12 months to 31 March 2014
Salaries	9.3	6.8
Cash Bonus	13.1	8.0
Deferred aw ards	17.4	14.6
Incentive schemes	**30.5**	**22.6**
Other non staff costs	10.1	7.2
Total	**49.9**	**36.6**
Average headcount	36	35

FY16 guidance

- Fundraising – Average €4bn over fundraising cycle. FY16 likely to be higher
- FMC operating margin – over 40%
- Performance fees to average £15-20m per annum
- Net Impairments – less than long term average of 2.5% of opening book
- Balance sheet portfolio – Average c£2bn with co investment ratio trending to 10% over the medium term
- Gearing 0.8-1.2x by July 2016
- Return on equity – Above 13% once balance sheet re-geared
- Tax rate – effective tax rate of 18%

Operating Review

ICG operating model

INVESTING

- Fund deployment
- Fund performance and track record
- Impairment target of less than 2.5% of opening book

FUNDRAISING

- Gross fundraising to average €4bn per annum
- Maintain fee level
- Selective product expansion

IC PROFITABILITY

- IC gross return on assets
- Manage risk across all portfolios

FMC PROFITABILITY

- FMC operating margin
- Manage risk across all portfolios

CAPITAL ALLOCATION

- Return on equity above 13%
- Gearing 0.8-1.2x

BUSINESS GROWTH

- Reinvest to drive return on equity
- Optimise co-investment ratio for each strategy

SHAREHOLDERS RETURNS

- Dividend
- Return surplus cash

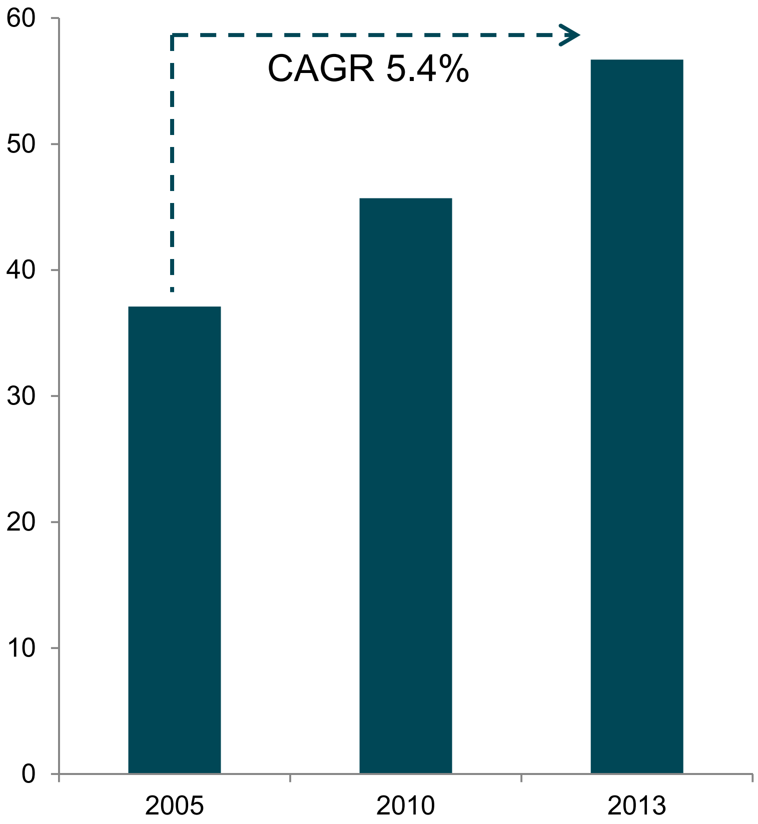
Investment in new funds

Fundraising

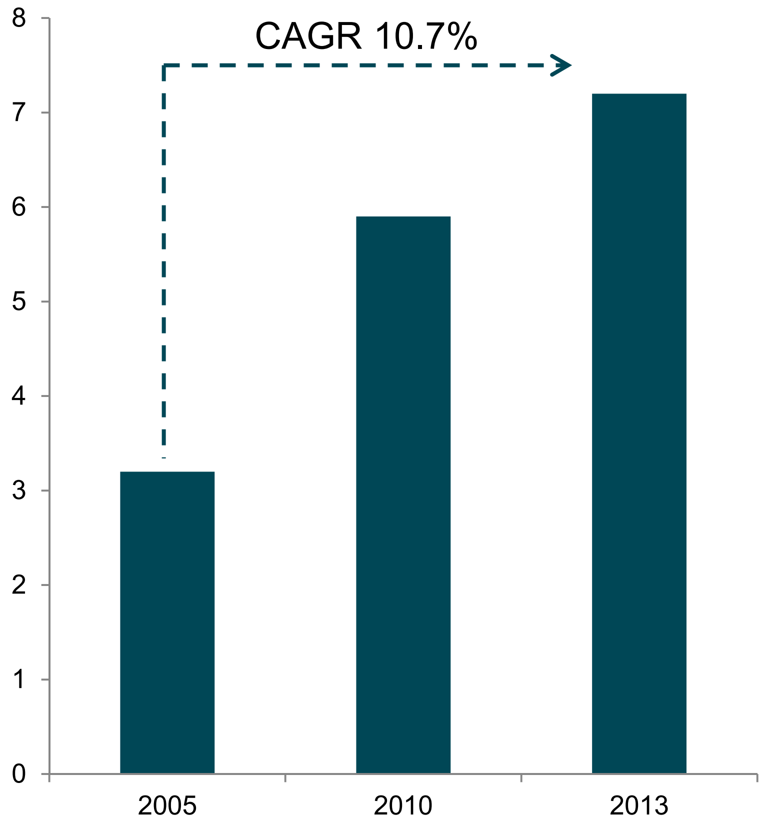
Fundraising market

Alternatives are outgrowing traditional assets

Traditional investments ($tns)



Alternative Investments ($tns)

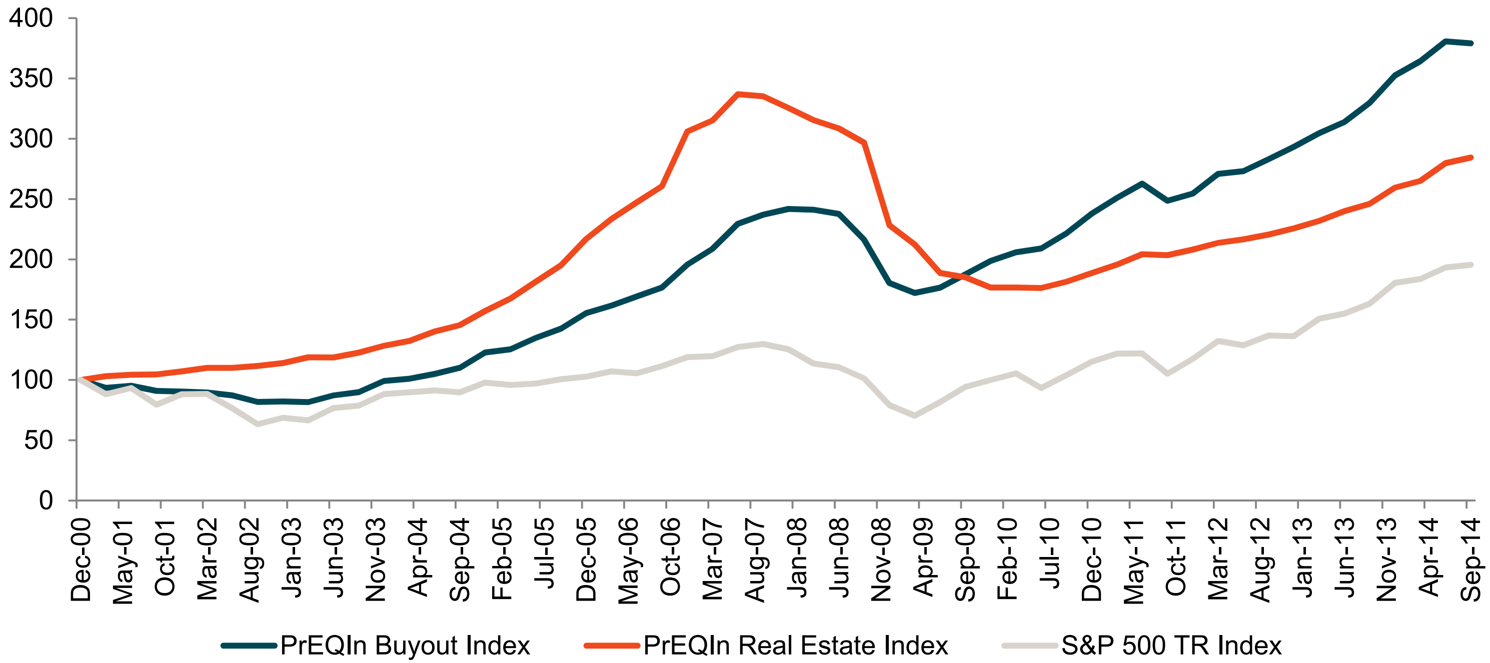


Source: McKinsey: Capturing the Next Wave of Growth in Alternative Investments 2014

Fundraising market

Investors want to diversify away from traditional assets

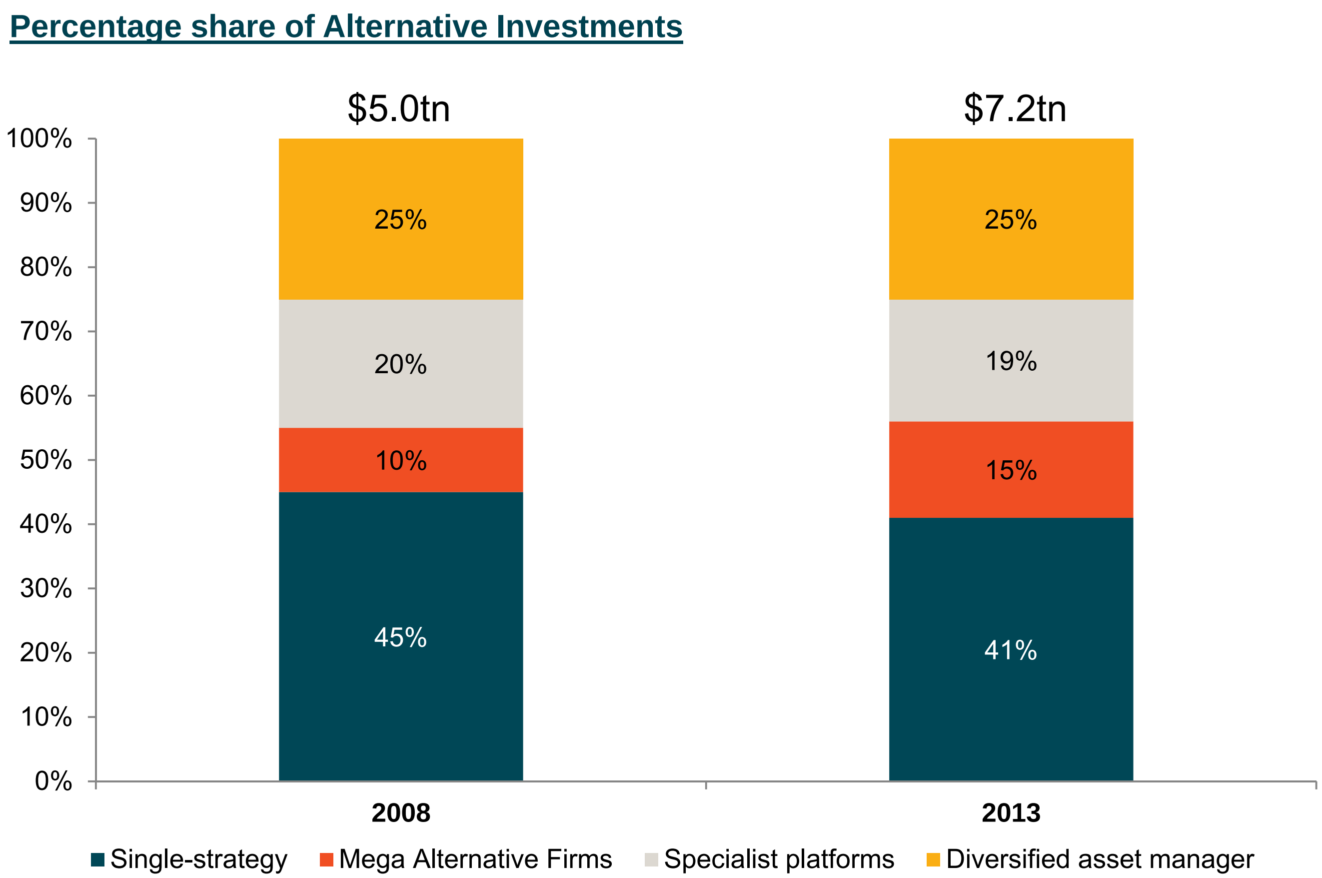
- Alternative assets have outperformed traditional asset classes over the long term[1]



Source: Preqin Quarterly Private Equity Update Q1 2015

Fundraising market

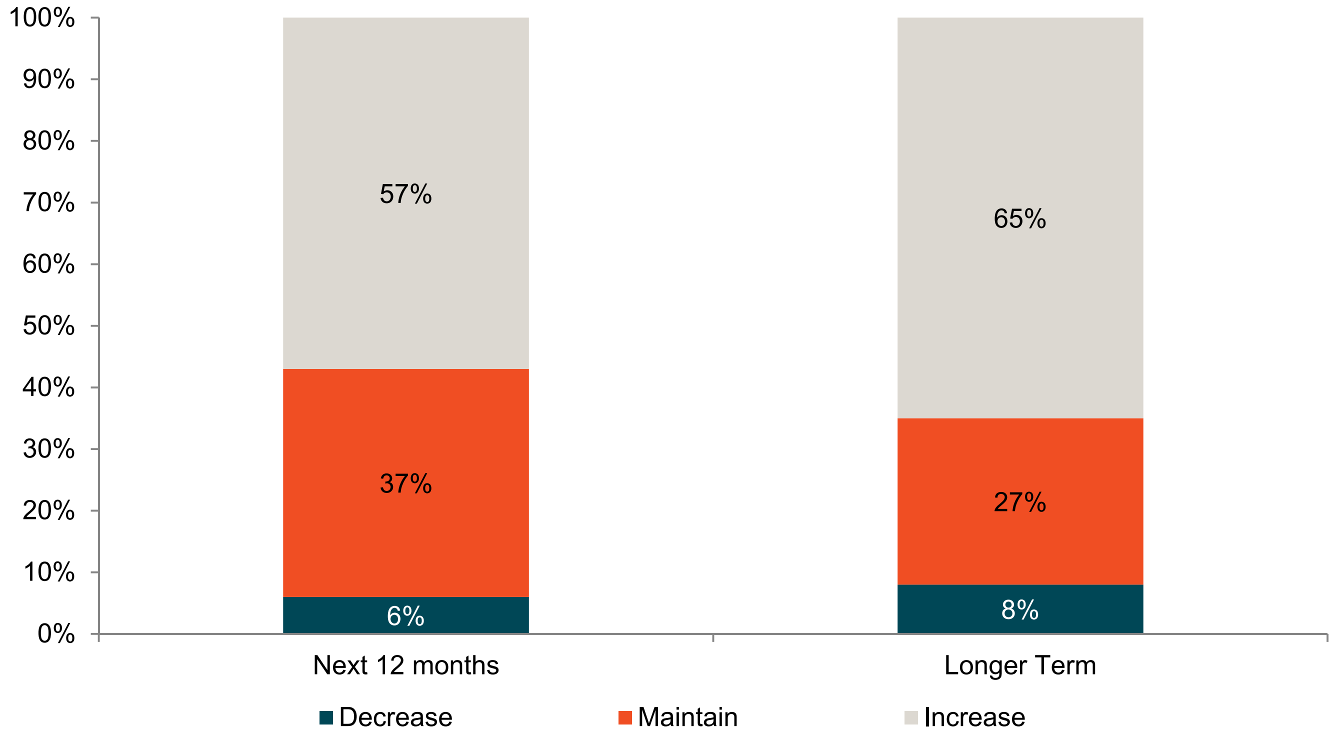
Opportunity as multi-boutiques increase market share



Source: McKinsey: Capturing the Next Wave of Growth in Alternative Investments, August 2014

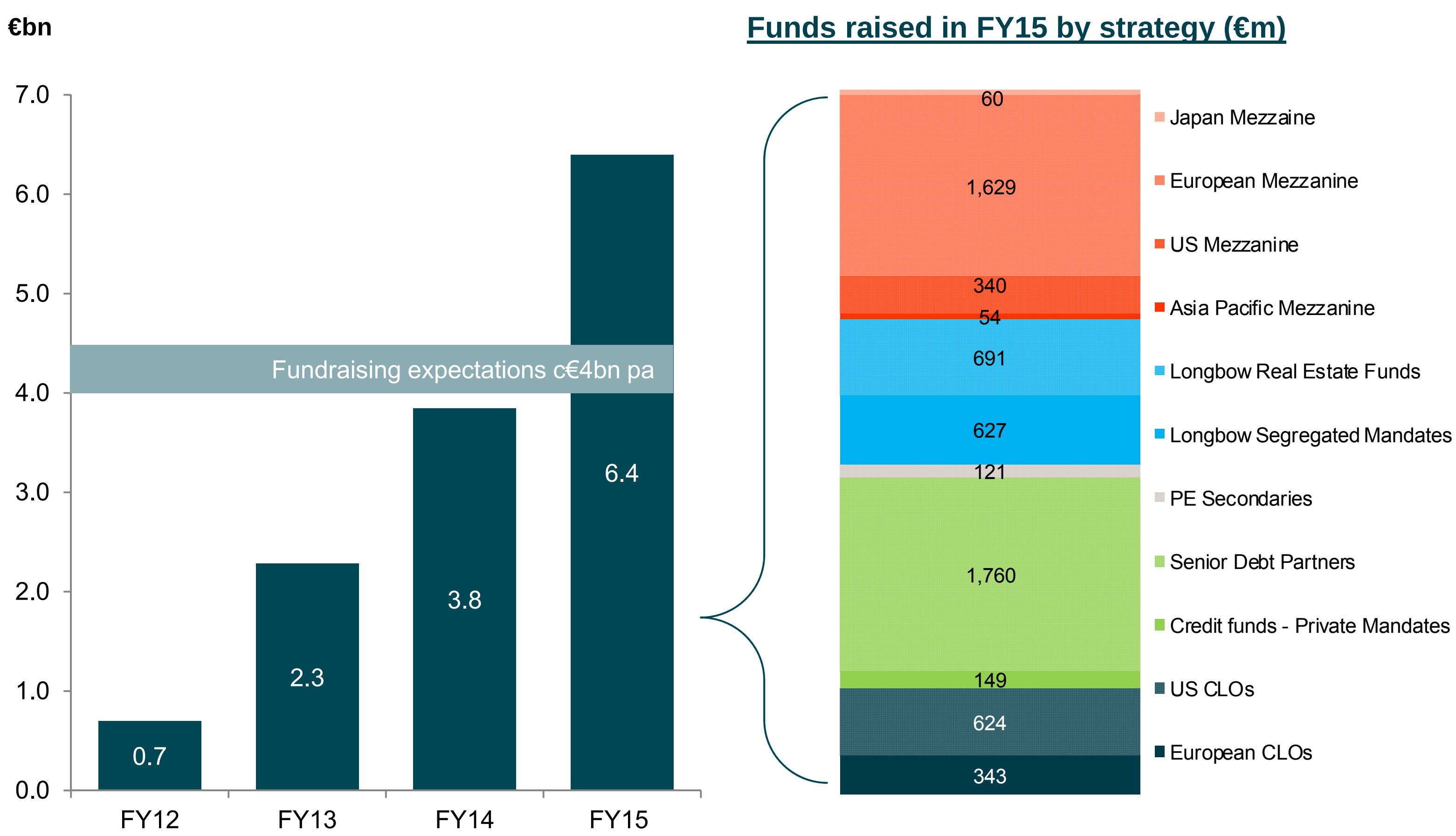
Fundraising market
There is substantial appetite for private debt

Investors' allocation to private debt



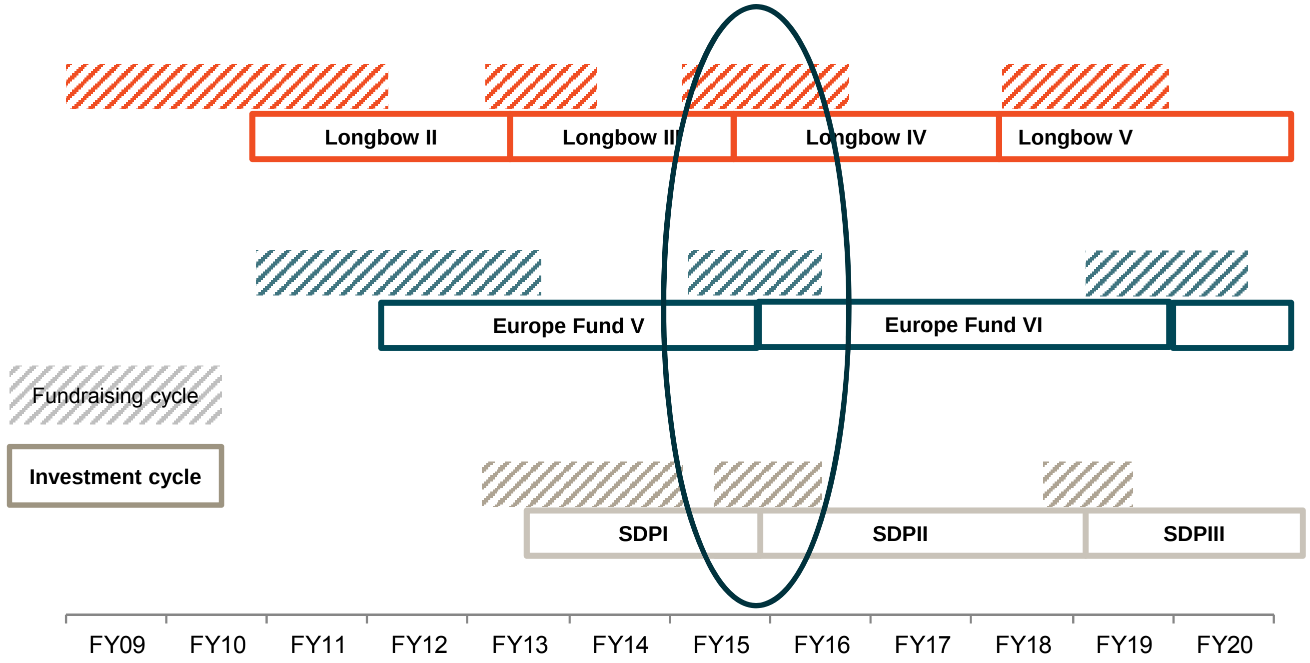
Source: Preqin Investor Interviews, February 2015

Fundraising momentum
Excellent fundraising dynamics for ICG



Fund raising cycle
Record fundraising with alignment of European fund cycles

Fundraising cycle of European Strategies



- Target fundraising €4bn p.a AUM over the fundraising cycle

Fundraising pipeline
Strong fundraising pipeline across markets

Corporate investments

- Europe Fund VI
- Japan Fund I
- US Fund I
- Asia Fund III
- SDP II
- Australian Senior Loans

Real asset investments

- Longbow IV
- RE Senior Debt
- RE Development Fund

Secondary investments

- Strategic Secondaries

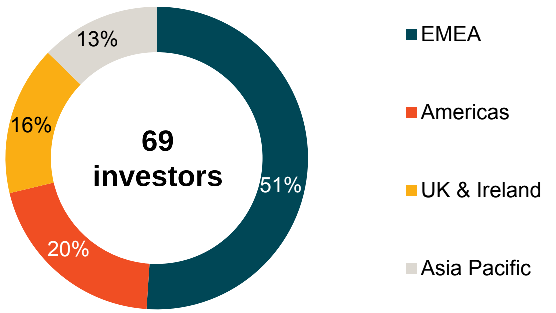
Capital market investments

- European CLOs
- US CLOs
- Loan Mandates
- Alternative Credit

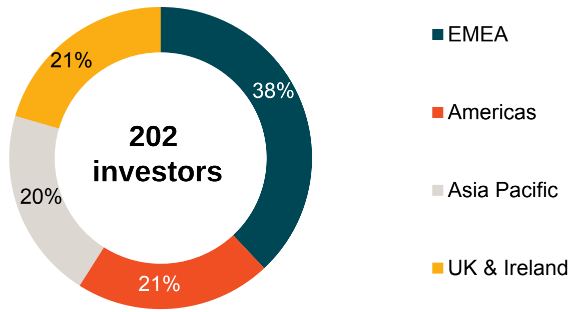
Fundraising – investor diversity

Reputation and strength of team helping to win new clients

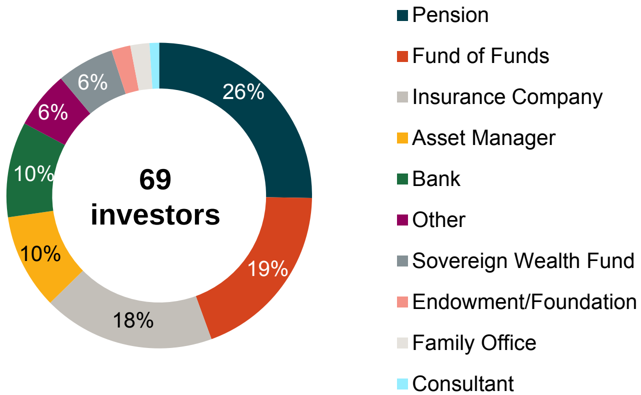
Investors by geography 2012



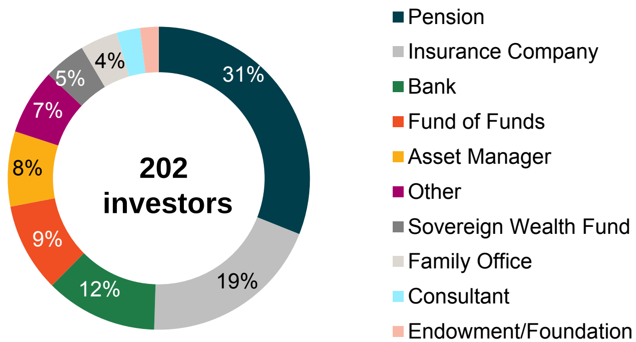
Investors by geography 2015



Investors by type 2012

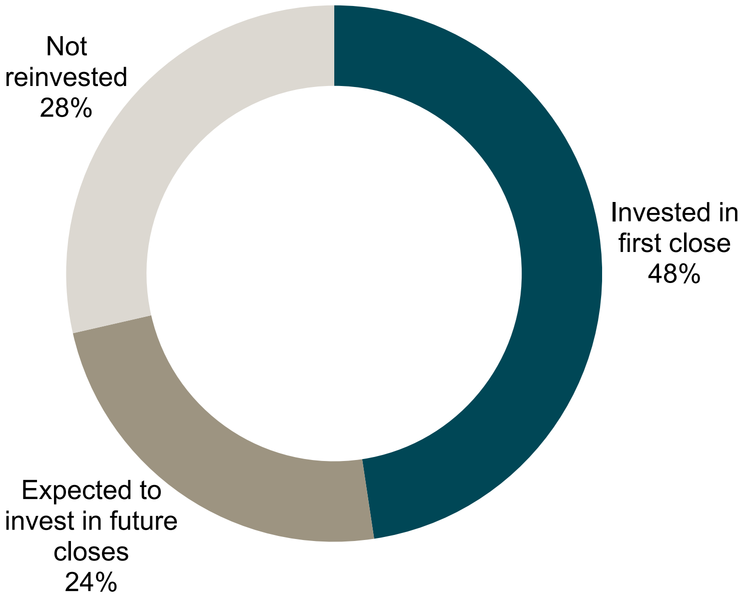


Investors by type 2015

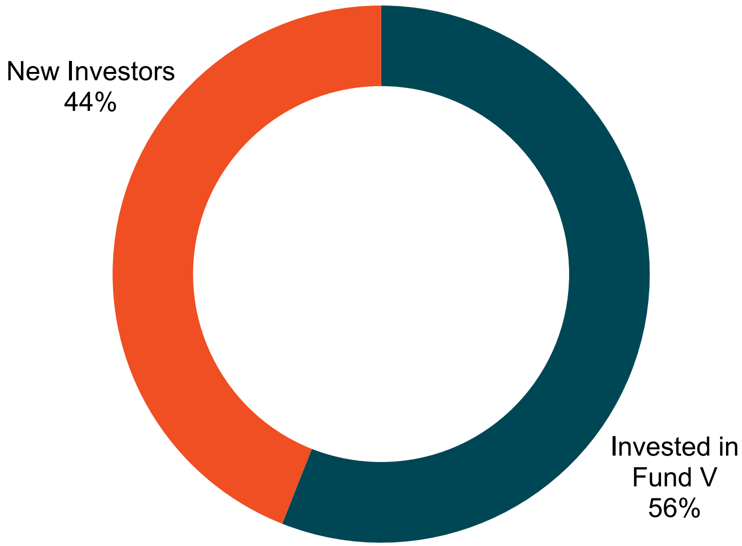


Fundraising – long term client relationships
Strong track record leads to clients reinvesting in funds

Investors reinvesting in Europe Fund VI*



Europe Fund VI – investor profile**



*Based on number of investors

**Based on value of commitment

Investing

Investment market

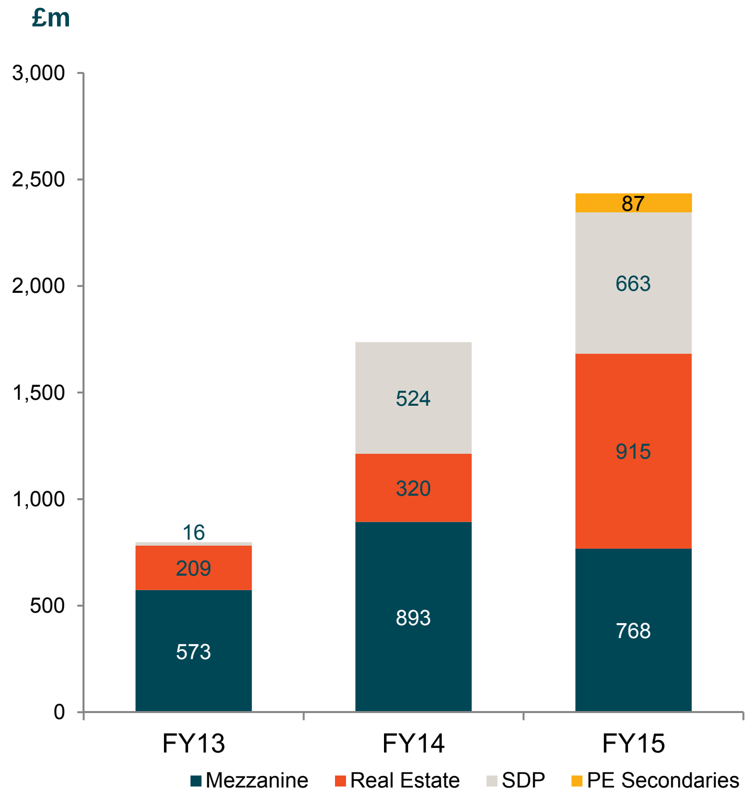
Liquidity driving the need for differentiation

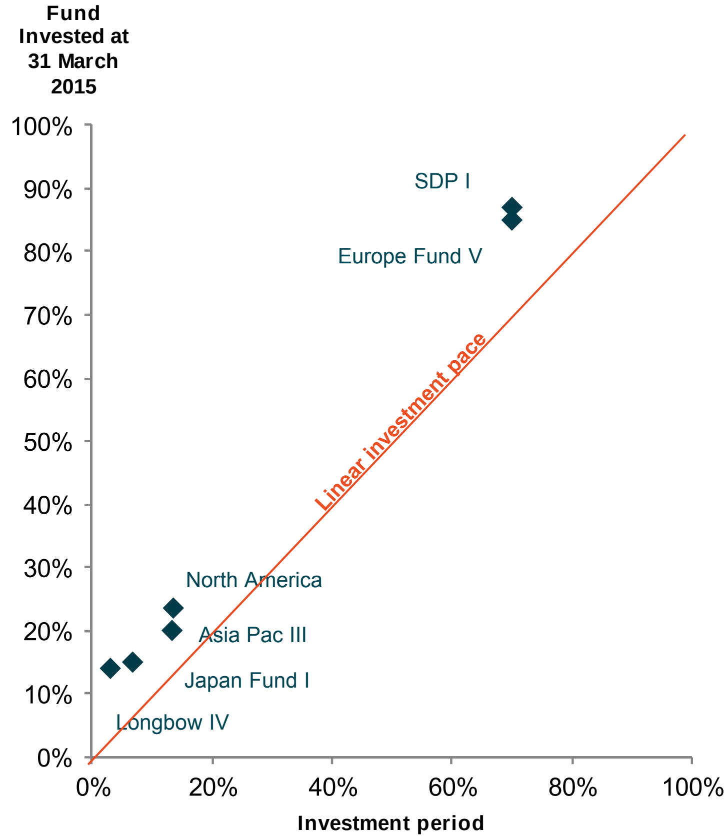
Corporate investments	Capital market investments	Real Asset investments	Secondary investments
Buyout players competing with strategic buyers & IPOs US buyout market stronger than Europe & Asia Non-bank lenders are winning market share Flexible capital and deal complexity are key differentiators for us Huge investor appetite for direct lending funds	CLO market is open particularly for those with equity capital Rapid growth in issuance of bonds & loans Leverage increasing – covenant protection reducing Yields still at an attractive premium to 'risk free' assets	Significant competition for prime assets Attractive opportunities remain in secondary property markets Our entrepreneurial approach as a capital partner differentiates us	Volumes & underwritten returns are falling for conventional secondaries We see an opportunity to restructure PE funds at the end of their life This is a differentiated & more sophisticated approach to secondary investments

Differentiation in approach
& strong **Origination**
are critical to deploying capital

Investing our direct investment funds
Investment pace of all funds exceeding expectation

Direct investment funds





Managing Investments

Fund performance

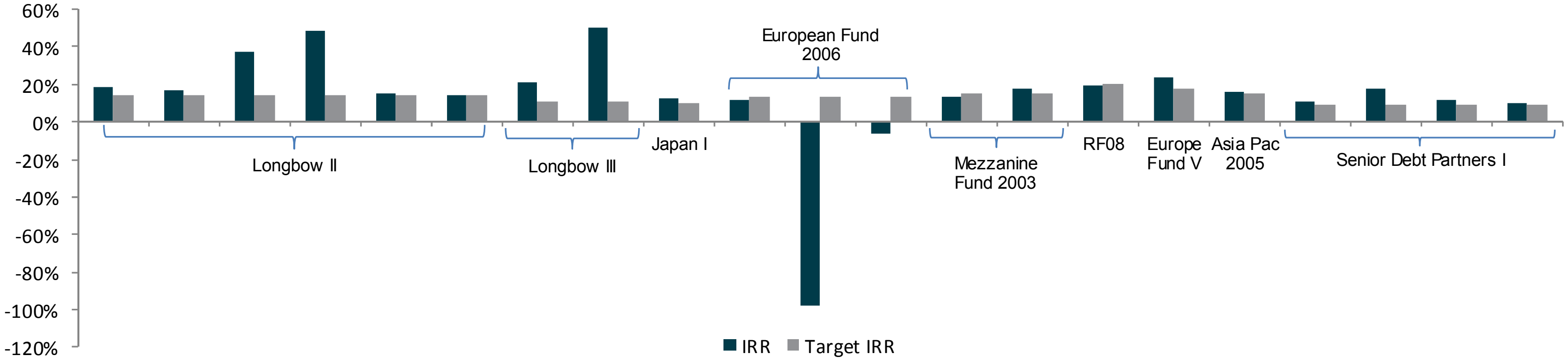
All direct investment funds performing on or ahead of target

Fund	Target money multiple	Money multiple on realised assets	Target Gross IRR	IRR on realised assets
ICG Mezzanine Fund I 1998 (fully realised at 1 April 2014)	n/a	1.5x	13%+	12%
ICG Mezzanine Fund II 2000 (fully realised at 1 April 2014)	n/a	1.7x	15%+	17%
ICG Mezzanine Fund III 2003	1.6x	1.5x	15%+	15%
ICG Europe Fund IV 2006	1.5x	1.6x	13%	11%
ICG Minority Partners Fund 2008	1.9x	2.2x	Not stated	48%
ICG Recovery Fund 2008	1.5x	1.6x	20%	41%
ICG Europe Fund V	1.6x	1.7x	18%	27%
Intermediate Capital Asia Pacific Mezzanine Fund I 2005	1.6x	1.6x	15%	15%
Intermediate Capital Asia Pacific Fund II 2008	1.6x	1.7x	15%	17%
Nomura ICG Fund	1.3x	1.0x	10%	13%
North American Private Debt Fund	n/a	n/a	14%-17%	n/a
Senior Debt Partners I	n/a	1.1x	9%-10%	12%
Longbow UK Real Estate Debt Investments II	1.4x	1.3x	14%	20%
ICG-Longbow UK Real Estate Debt Investments III	1.6x	1.2x	11%	21%
ICG-Longbow UK Real Estate Debt Investments IV	1.5x	n/a	12%	n/a

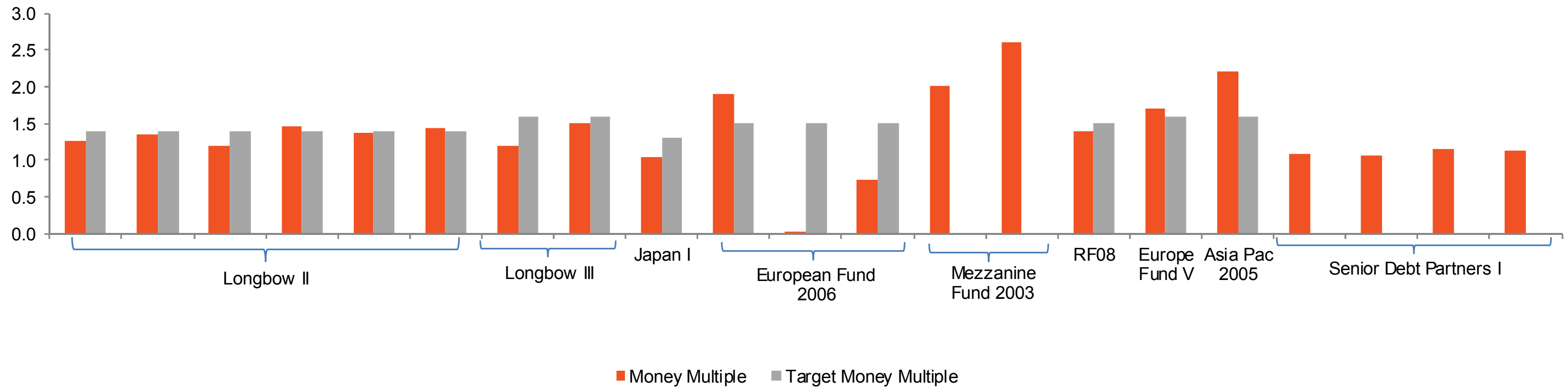
Realisation of assets in direct investment funds

Current year realisations support fund performance

IRR of current year realisations by fund



Money multiple of current year realisations by fund

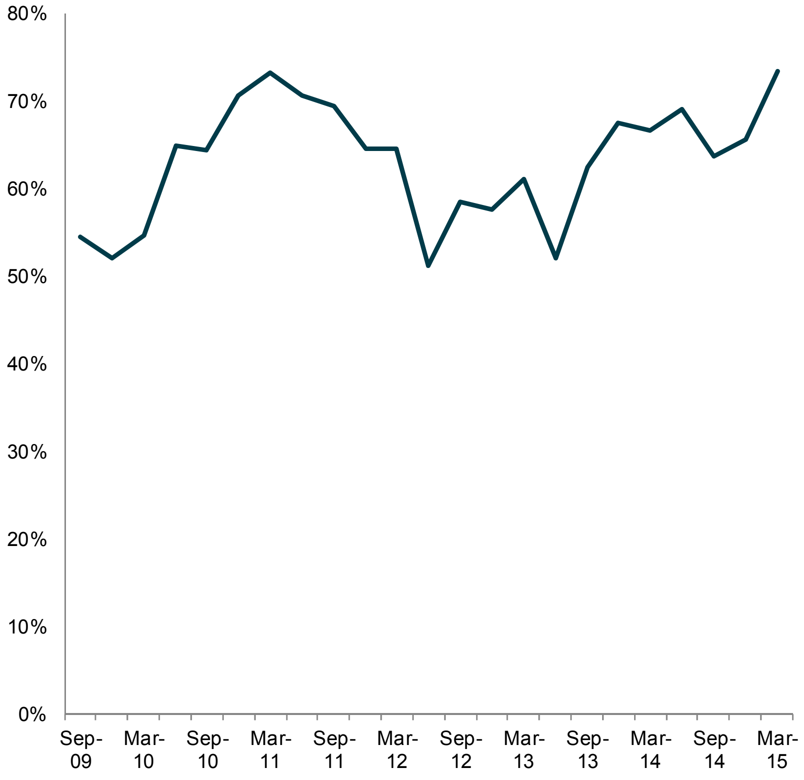


IRRs and money multiples are included for fully realised assets and do not include co investment by the investment company

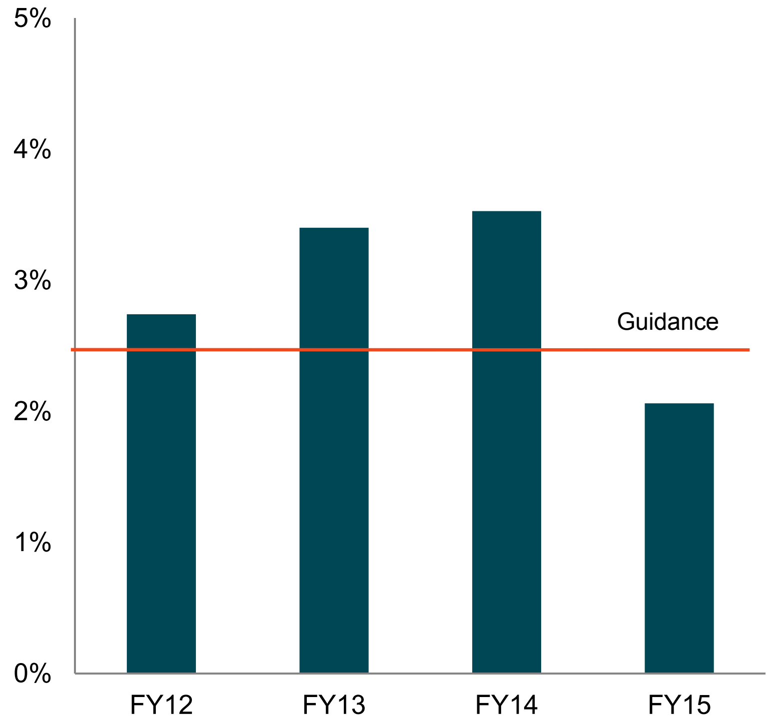
Impairments

Impairments lower as pre 2009 portfolio stabilises

Percentage of portfolio performing above prior year



Net impairments as a percentage of opening book



Capital Allocation

Capital allocation
Balancing business growth and shareholder returns

CAPITAL ALLOCATION

- **Return on equity above 13%**
- **Gearing 0.8-1.2x**

BUSINESS GROWTH	SHAREHOLDERS RETURNS
Reinvest to drive return on equity Optimise co-investment ratio for each strategy	Dividend Return surplus cash

Wrap Up

ICG

Business outlook

FY10 - FY15
Building the platform

- Manage pre global financial crisis portfolio
- Develop a scalable infrastructure platform
- Establish an in-house distribution capability
- Develop new products
- Build a global franchise

Priorities for the next 12 months

- **Consolidate and broaden existing strategies**
- **Maximising profitability on our strategies**
- **Improve capital efficiency**

FY17 - FY18
Profit maturity

- Deliver gross fundraising target
- Enhance brand and client base
- Selective acquisitions and team hires to expand product range
- FMC operating margin to increase
- Optimise co-investment ratio
- Greater capital efficiency

Q&A

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