



First Half Results presentation

19 November 2019



Highlights

Diversification strategy drives assets and FMC profits higher

- AUM up 11% on 31 March 2019 to €41.1bn
- €4.6bn of new money raised across 14 different strategies with **successful launch of two new strategies**
- FMC profits up 32% to £85.0m as a result of third party fee earning AUM increasing 11% to €32.9bn
- **Average fee rates maintained at 0.86%**
- All funds are on course to meet or exceed their return hurdle rates
- IC¹ profits lower at £66.0m; prior year included one off benefit from the revaluation of a legacy asset
- Positive outlook underpins **increase in operating margin target to be in excess of 50%**

¹These are non IFRS GAAP alternative performance measures and represent internally reported financial measures including fair value movement on derivatives and excluding the impact of the consolidation of structured entities following the adoption of IFRS 10

Strategic priorities

FY10 – FY18 Strategic transition

- ✓ Enhanced brand and client base
- ✓ Developed new strategies to deliver gross fundraising target
- ✓ Developed a scalable infrastructure platform
- ✓ Established an in-house distribution platform
- ✓ Achieved greater capital efficiency
- ✓ Optimising co-investment ratio
- ✓ Increased FMC operating margin

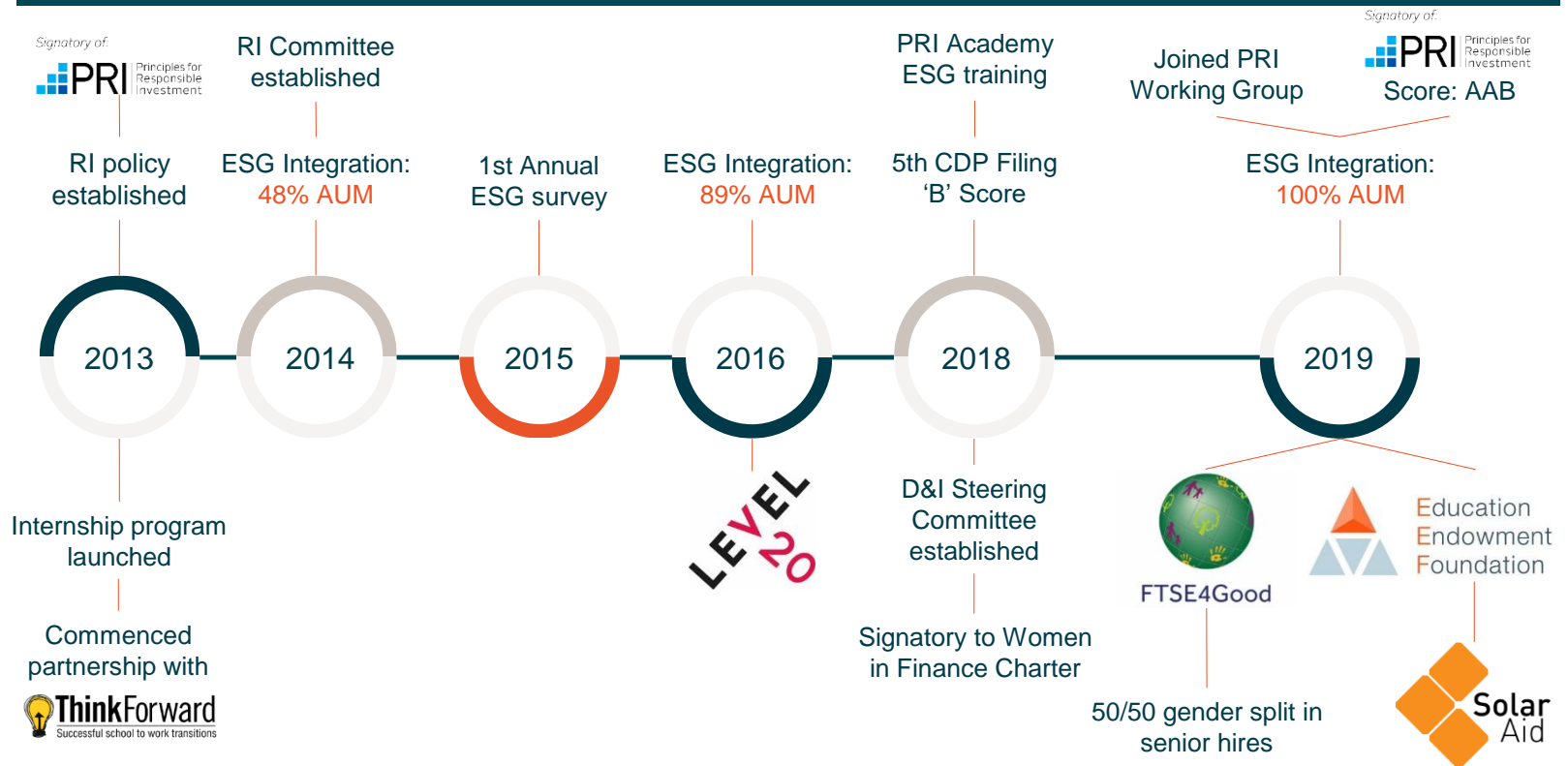
FY19 – FY23 Recognised as the leading European specialist asset manager

- ✓ Increased fundraising target of three year rolling average €6.0bn per annum
- ✓ FMC becomes dominant profit contributor
- ✓ FMC operating margin to be in excess of 50%
[Upgraded November 2019]
- ✓ Selectively expand number of strategies, and optimise profit from existing strategies
- ✓ Optimise balance sheet to drive growth in the fund manager
- ✓ Maintain an efficient capital base
- ✓ Dividends linked to FMC profit

ESG development

ESG enhanced and fully embedded across our business

Investment strategies



Corporate activity

Financial Review



Financial highlights

Fund Management Company profits up 32% on H1 19

£m		6 months to 30 September 2019	6 months to 30 September 2018	12 months to 31 March 2019
Fund Management Company	Third party fee income	135.6	105.4	219.8
	IC management fee	11.4	10.0	20.5
	Other income	17.4	16.9	34.4
	Operating costs	(79.4)	(67.9)	(130.9)
	FMC profit	85.0	64.4	143.8
Investment Company	Net investment returns	131.6	185.7	275.1
	Interest expense	(28.8)	(26.7)	(53.9)
	Operating costs	(33.9)	(43.7)	(83.4)
	Fair value gain on derivatives	8.5	9.8	17.2
	IC management fee	(11.4)	(10.0)	(20.5)
	IC profit	66.0	115.1	134.5
Group	Profit before tax¹	151.0	179.5	278.3

¹These are non IFRS GAAP alternative performance measures and represent internally reported financial measures including fair value movement on derivatives and excluding the impact of the consolidation of structured entities following the adoption of IFRS 10

Balance sheet and capital strategy

Balance sheet efficiency maintained, enabling FMC growth

£m		30 September 2019	31 March 2019
Assets	Loans and investments	2,388	2,256
	Held for sale financial assets	116	111
	Cash	104	163
	Other	262	251
	Total assets	2,870	2,781
Liabilities	Borrowings	1,229	1,184
	Other	230	214
	Shareholders funds	1,411	1,383
	Total liabilities	2,870	2,781
Other metrics	Gearing ratio	0.87x	0.86x
	Debt facilities	1,779	1,594
	Available headroom	654	573
	Cash flows from operating activities	149	(29)

- Balance sheet gearing comfortably within target range
- Diversified sources and maturities of financing, healthy debt headroom

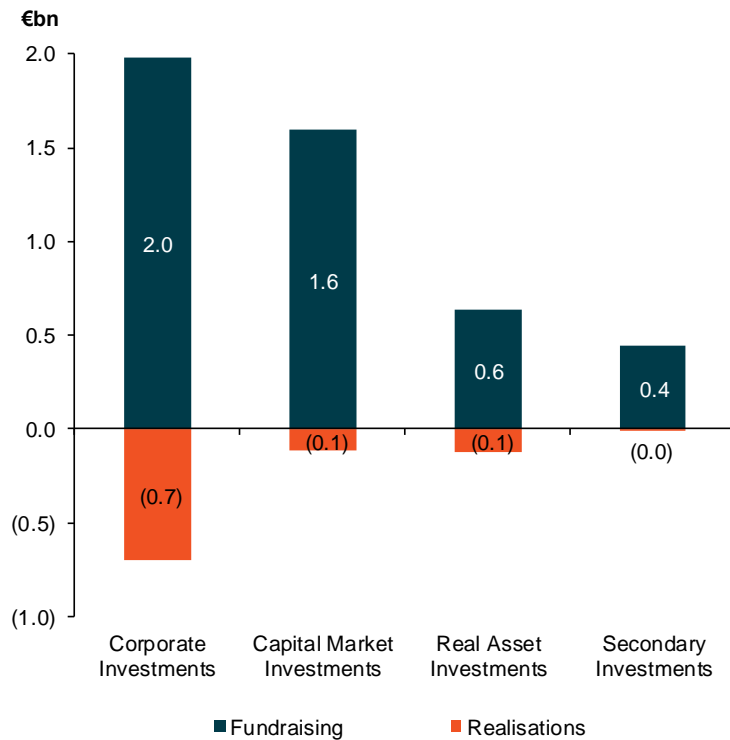
Fund Management Company



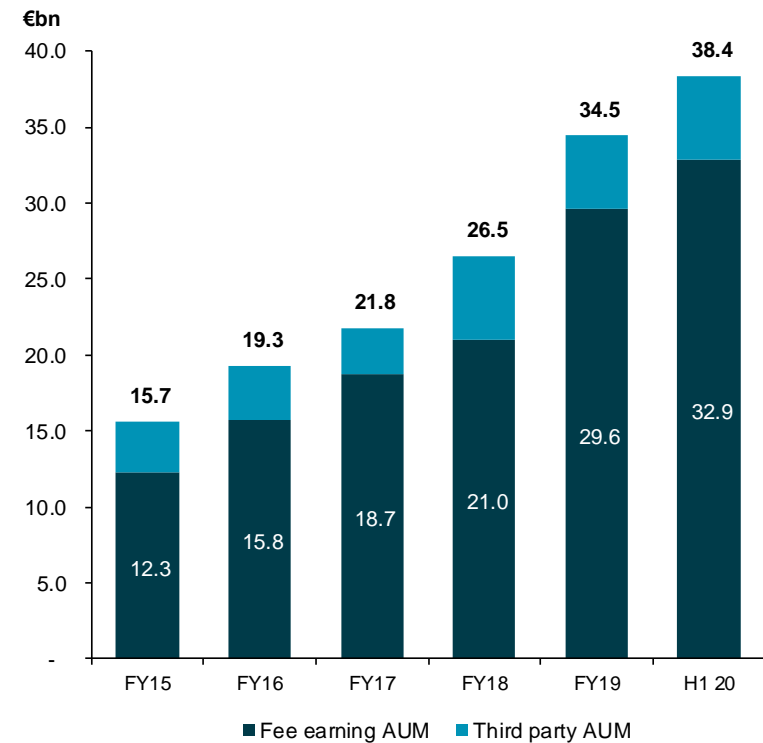
Assets under management

Third party AUM continues to grow; up 11% to €38.4bn

H1 20 AUM fundraising/realisations by strategy

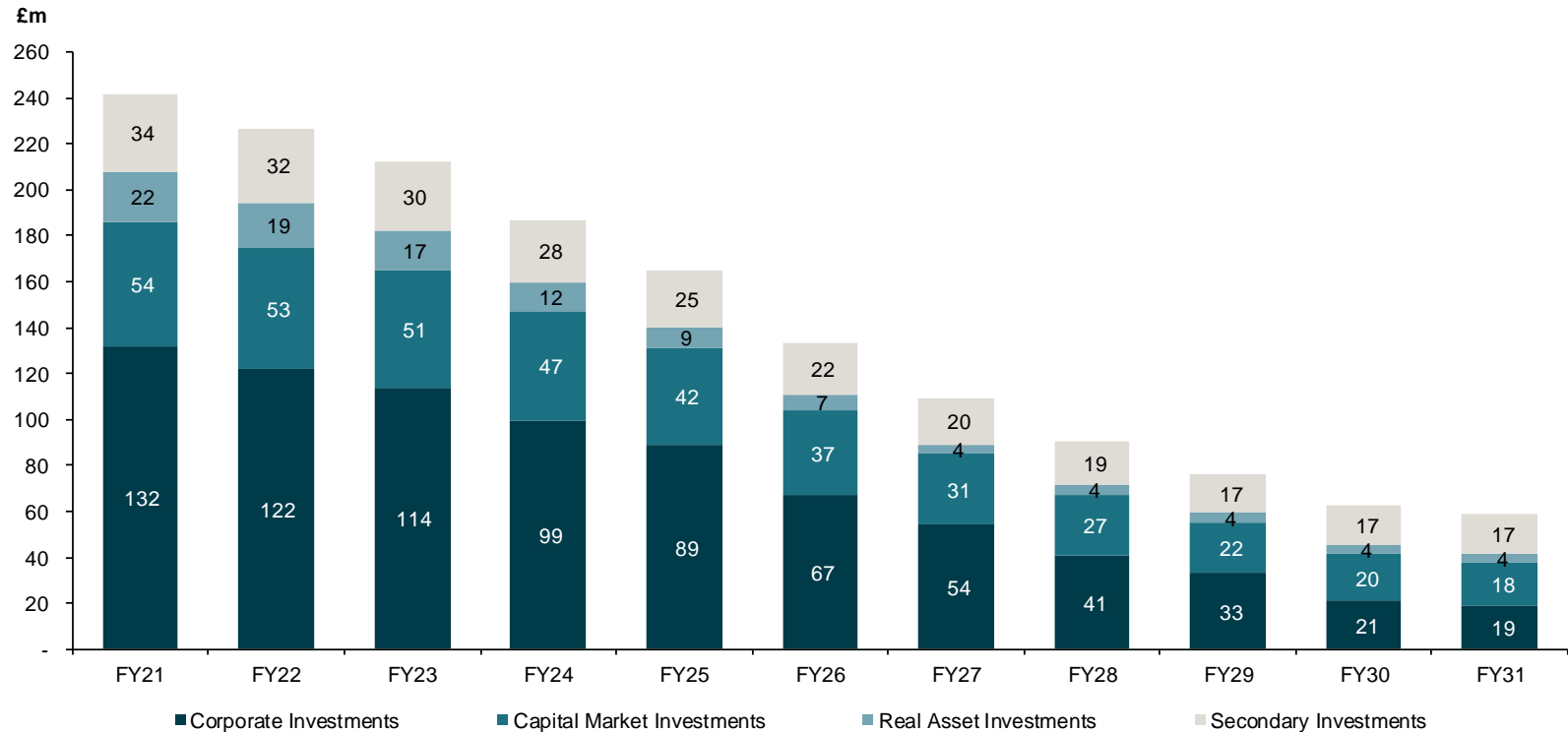


5 year trend; fee earning and third party AUM



Fee income

Fee income of £1.6bn 'locked in' from existing AUM



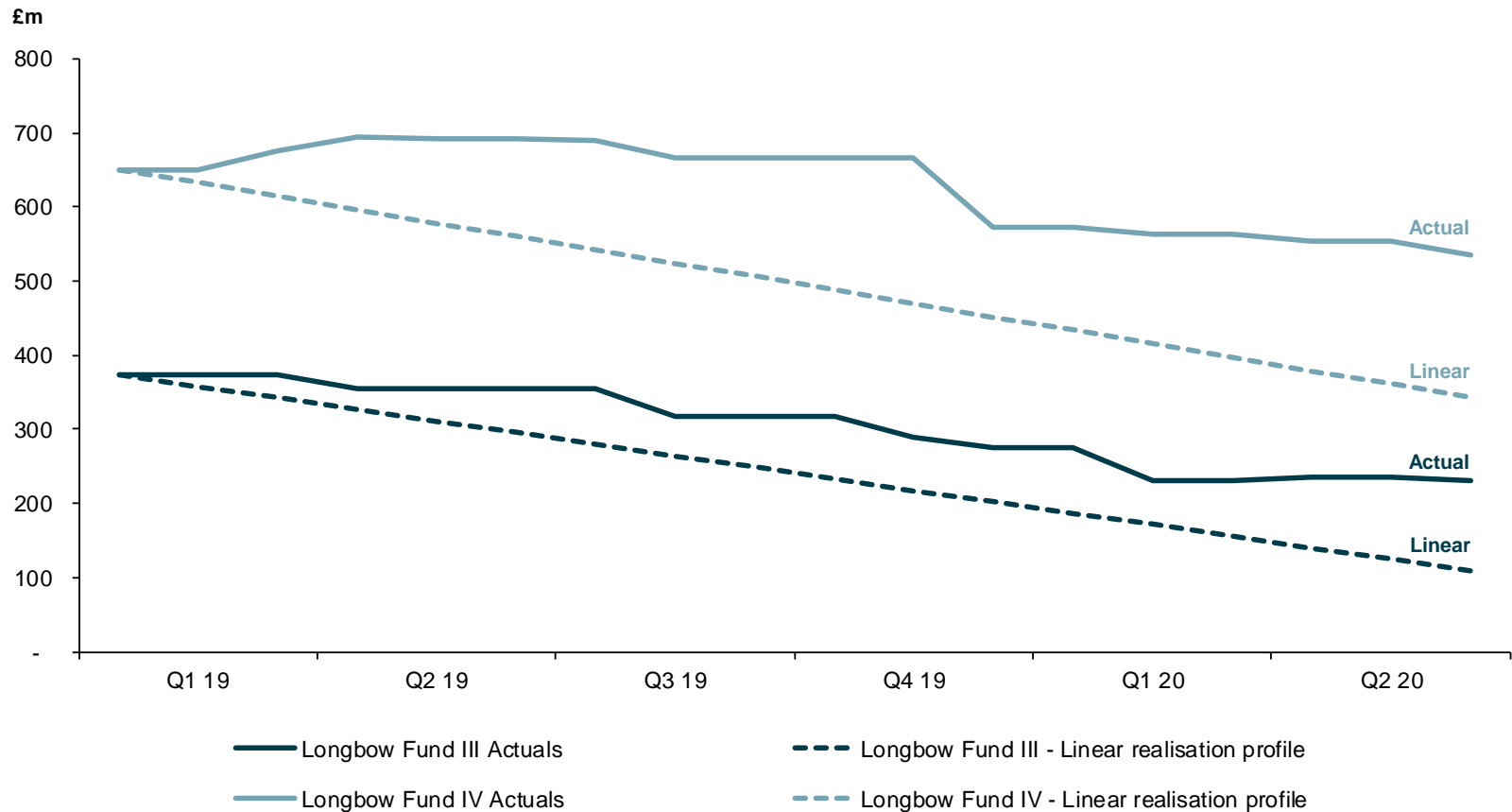
- Fundraising¹ of €3bn per annum required to maintain existing fee income; against a target of €6bn

¹Assumes weighted average fee rates of each strategy remain constant throughout 11 year period. Deployment and realisation of funds are in line with standard profile for each strategy

What happens in a downturn?

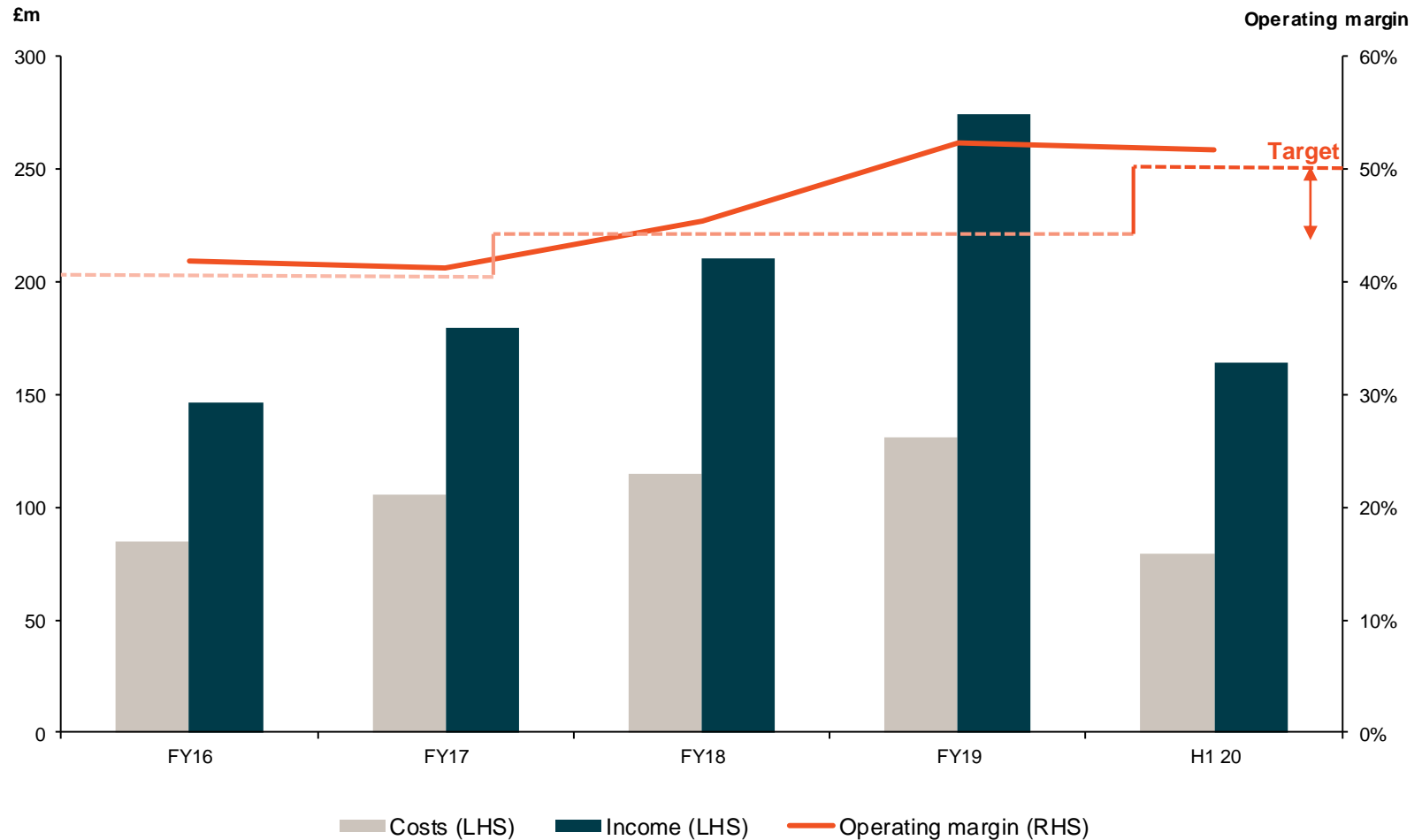
UK real estate fees resilient as investment market slows

Fee earning AUM progression



FMC operating margin

Operating margin target increased to be in excess of 50%



FMC operating costs

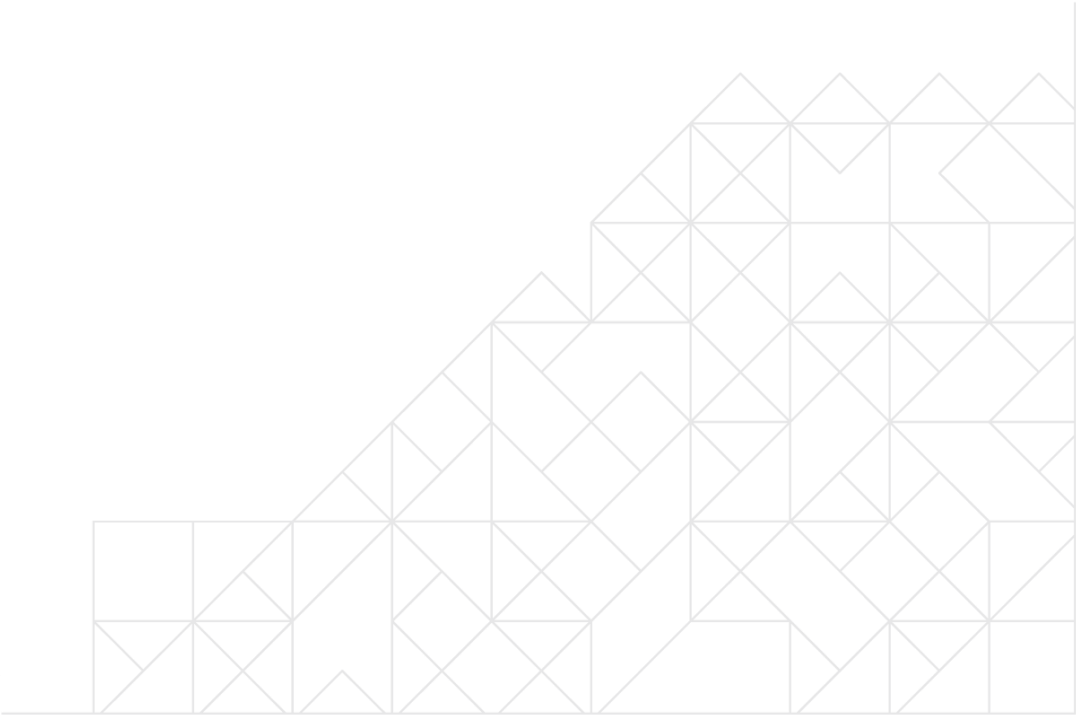
Continuing to invest in our talent across functions

£m	6 months to 30 September 2019	% FMC revenue	6 months to 30 September 2018	% FMC revenue	12 months to 31 March 2019	% FMC revenue
Investment team staff costs	16.2	10%	15.2	12%	29.5	11%
Marketing staff costs	3.6	2%	3.0	2%	6.3	2%
Infrastructure staff costs	7.7	5%	5.4	4%	11.5	4%
Staff costs	27.5	17%	23.6	18%	47.3	17%
Cash incentives	21.2	13%	12.3	9%	24.7	9%
Deferred awards	8.8	5%	10.0	8%	19.8	7%
Incentive schemes	30.0	18%	22.3	17%	44.5	16%
Other non staff costs	20.9	13%	18.8	14%	36.7	14%
Placement fees*	1.0	1%	3.2	2%	2.4	1%
Total	79.4	48%	67.9	51%	130.9	48%

- Increase in cash incentives reflects FMC performance and increased headcount
- Other non staff costs includes depreciation on capitalised investment in IT systems

*Please note H2 19 placement fees include an adjustment on initial application of IFRS 15

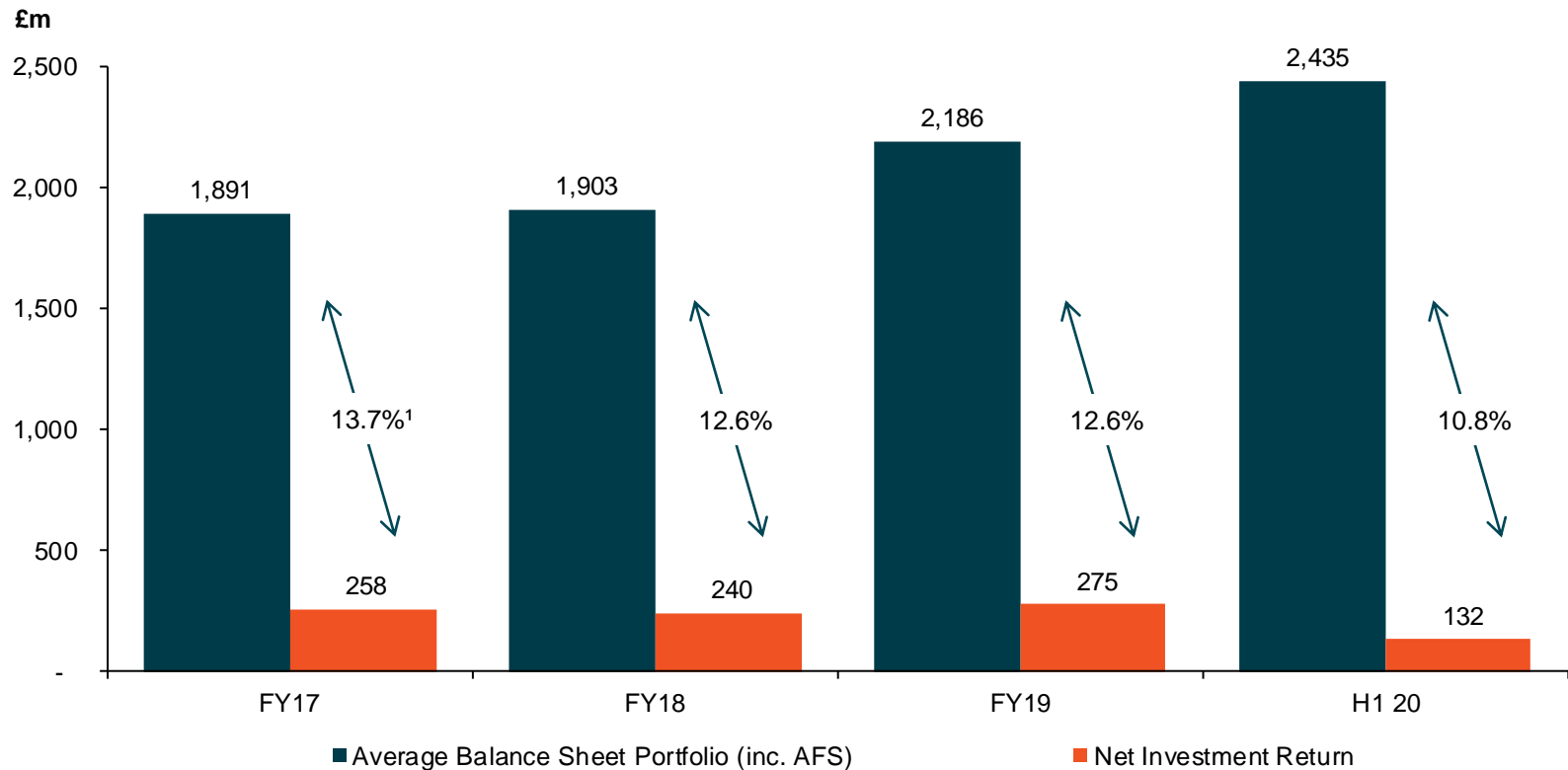
Investment Company



Net investment return

New strategies impacting portfolio mix and returns in H1

Net investment return trend



¹ Net investment returns in FY17 exclude realised gains recycled from AFS

Net investment return

Portfolio returns mirror those of the funds over long term

Net investment return by fund

	Net Investment Return	% of total NIR	H1 20 NIR %	Fund returns life to date
Strategic Secondaries I*	21.7	16.5 %	68.3 %	17.7 %
Europe Fund VII	21.1	16.0 %	18.4 %	22.1 %
ICAP III	19.4	14.7 %	25.8 %	18.4 %
Europe Fund VI	17.5	13.3 %	6.7 %	22.1 %
Strategic Secondaries II*	6.4	4.9 %	11.0 %	33.8 %
North America Private Debt I	6.2	4.7 %	12.7 %	17.6 %
Other	39.3	29.9 %	6.3 %	N/A
Total	131.6	100.0 %	10.8 %	N/A

- Other includes investments in the lower returning capital market and real asset classes; accounting for 36% of the total balance sheet portfolio (H1 2019: 30%)

*Strategic Secondaries funds returns data presented as at 30 June 2019

Balance sheet portfolio

Diversified and resilient portfolio an enabler of growth

Capital Market funds

55%

CLO risk retention
requirement

45%

Short term seed investment
in new strategies

Direct investment funds

250+

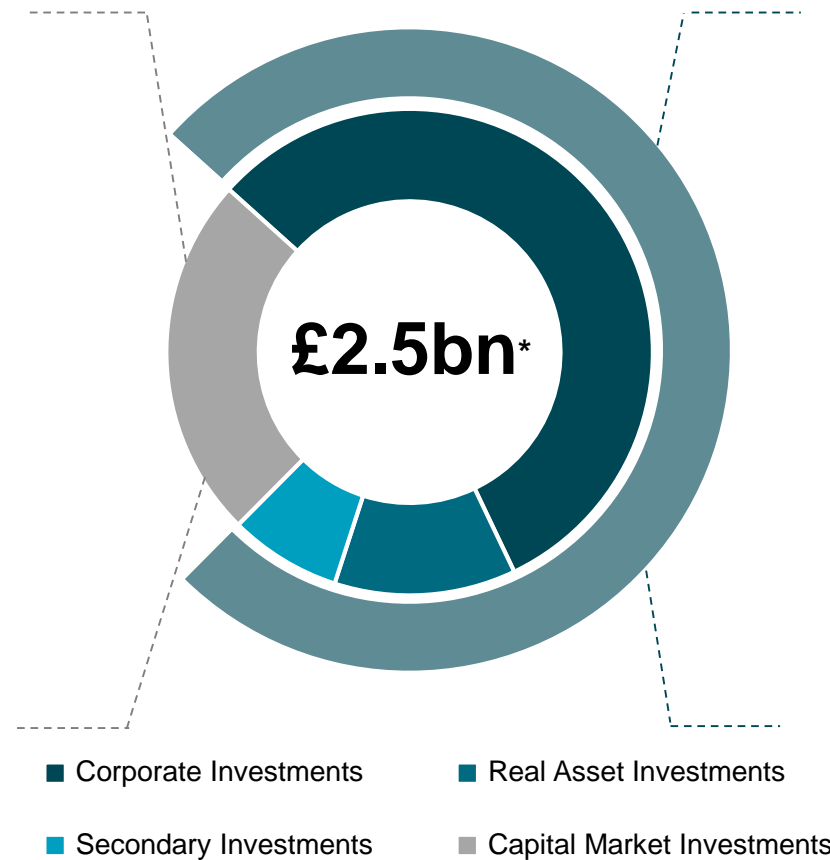
Companies

34

Industries

20

Countries



*Includes loans and investments held for the long term in addition to held for sale financial assets

Investment Company costs

Maintaining cost discipline

£m	6 months to 30 September 2019	6 months to 30 September 2018	12 months to 31 March 2019
Staff costs	4.0	4.0	7.8
Cash incentives	7.2	12.4	24.6
Deferred awards	17.2	22.9	41.8
Incentive schemes	24.4	35.3	66.4
Amortisation	1.1	1.1	2.3
Other non staff costs	4.4	3.3	6.9
Total	33.9	43.7	83.4

Includes business development costs of : 1.3 1.1 2.0

- Public company and incentive scheme costs charged to IC; consistent approach since 2010
- Business development costs include the Infrastructure Equity investment team

FY20 guidance – upgraded

- Fundraising – average €6bn per annum over 3 year rolling period; FY20 expected to exceed target
- FMC operating margin target updated – to be in excess of 50%
- Performance fees to average £20m-25m per annum; FY20 trending higher
- Net investment return – averaging 11.5%; lower in FY20 reflecting mix of current portfolio
- Balance sheet portfolio – average £2.0bn-2.5bn, reflecting growth in number of strategies
- Gearing within the range of 0.8x-1.2x
- Tax rate – low to mid single digit effective tax rate
- Ordinary dividend representing 80%-100% of post tax FMC profit

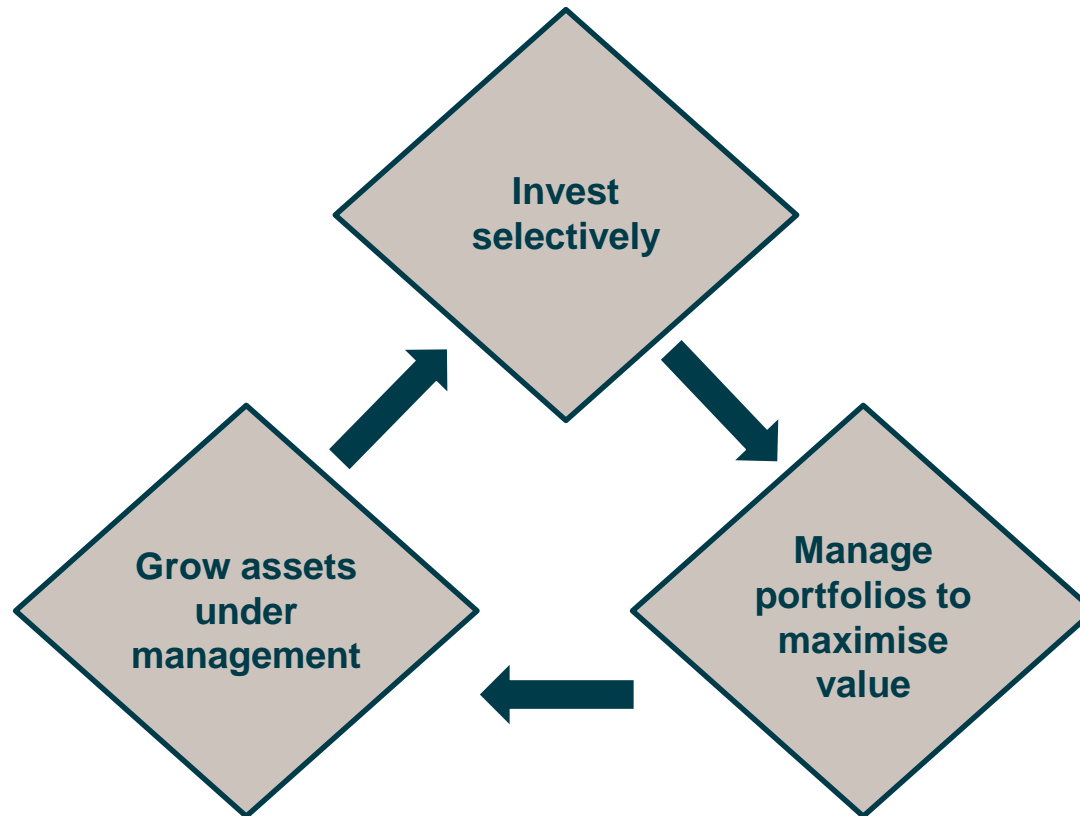
Note: Changes to guidance are underlined

Operating Review



Our strategy

To grow our specialist asset management activities

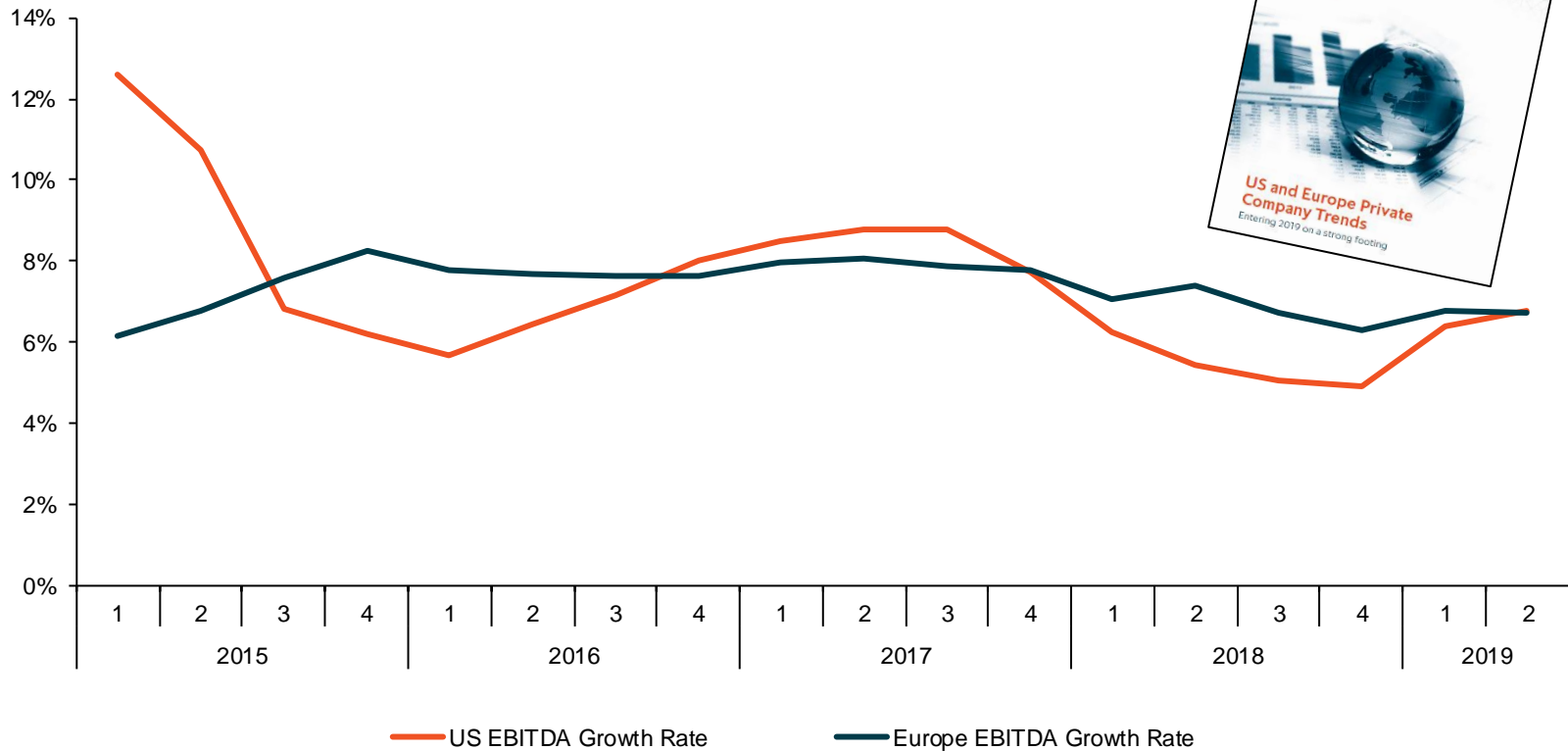


Generate strong shareholder returns to invest in growth and pay sustainable dividends

Investment markets

Private companies continue to grow earnings

US and Europe EBITDA growth

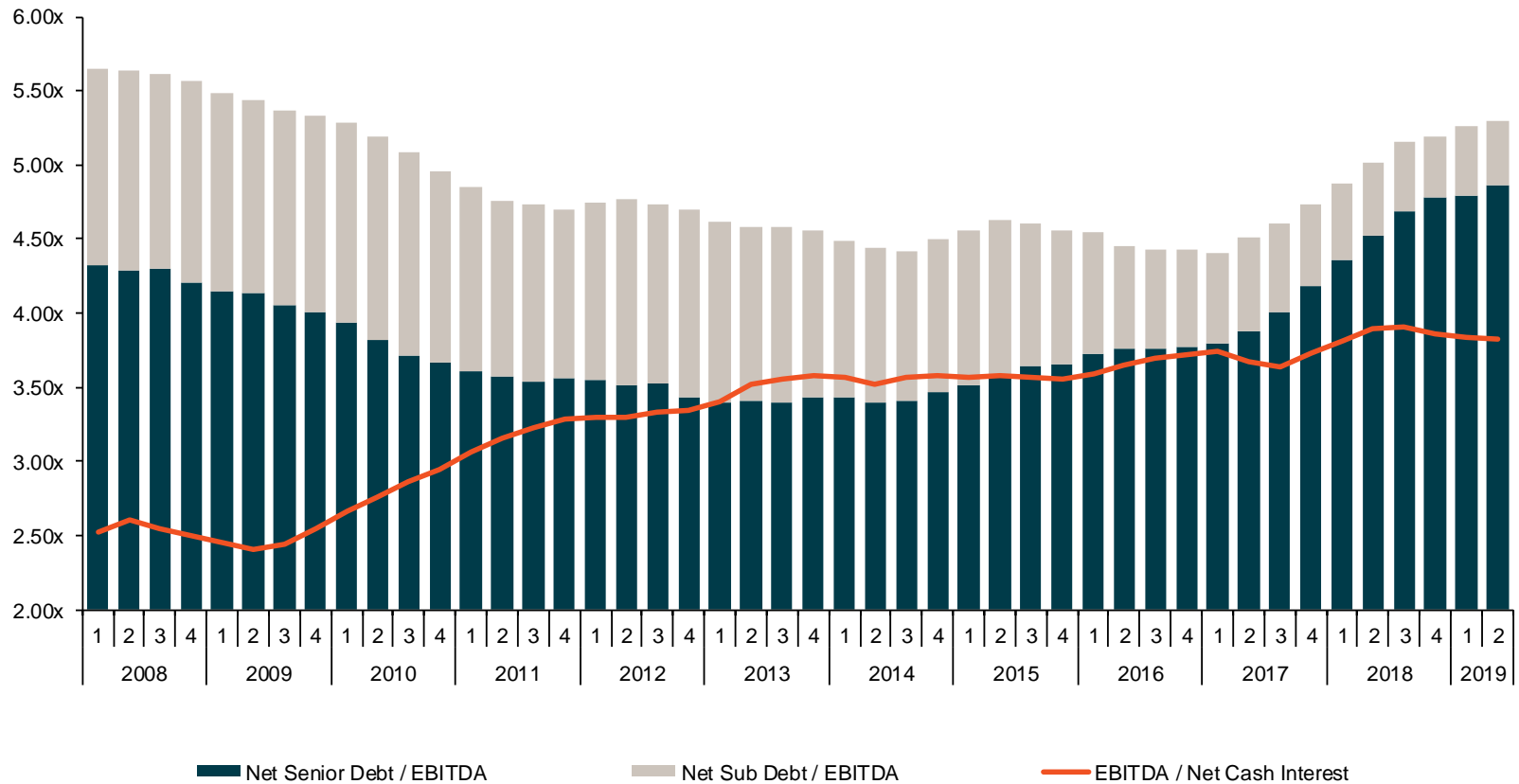


Source: ICG Private Company Trends; November 2019

Investment markets

European private company leverage levels increasing

Europe leverage and interest coverage

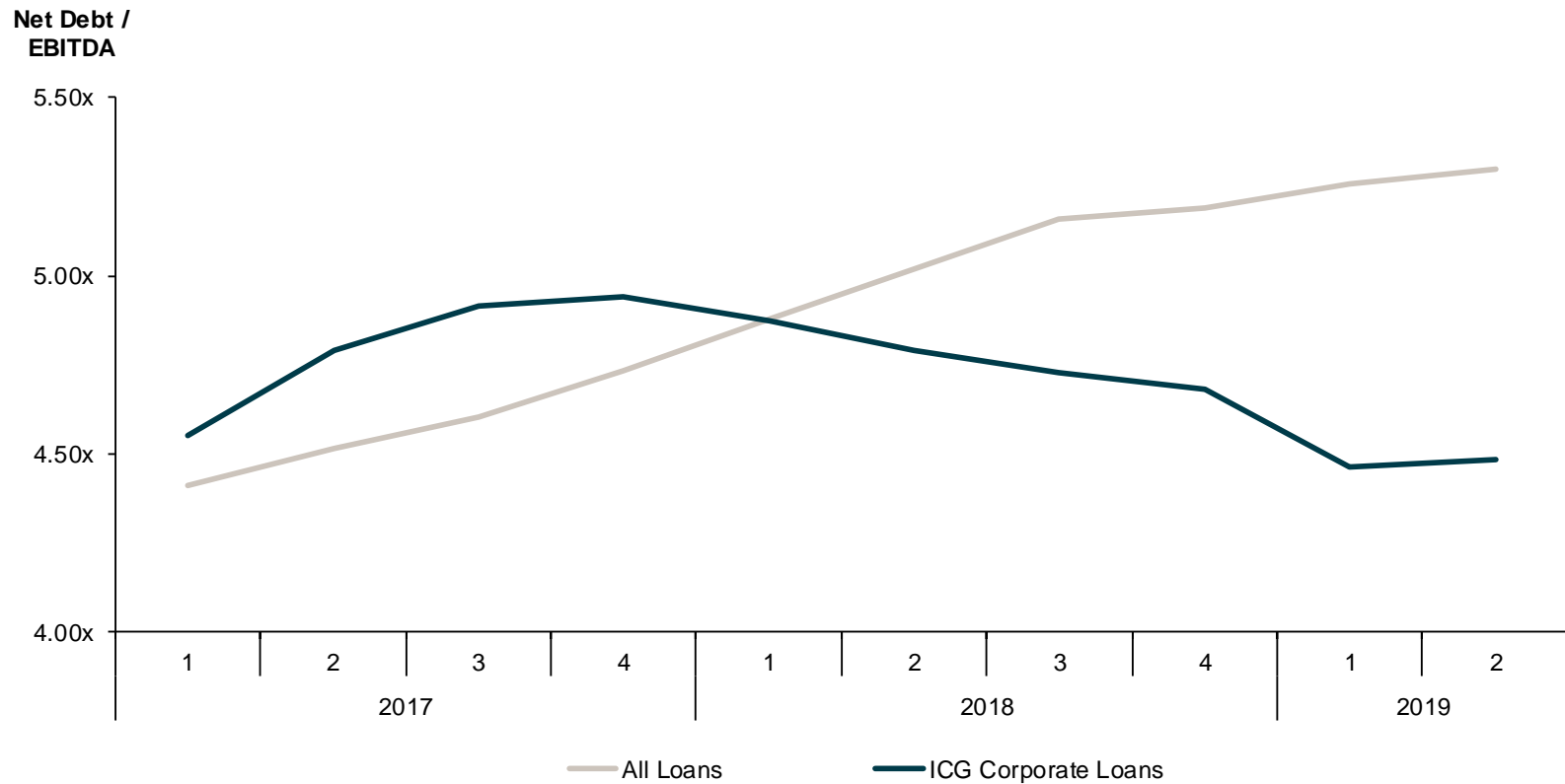


Source: ICG Private Company Trends; November 2019

Investment markets

But ICG portfolio leverage stable, counter to market trend

Europe leverage: All loans vs ICG

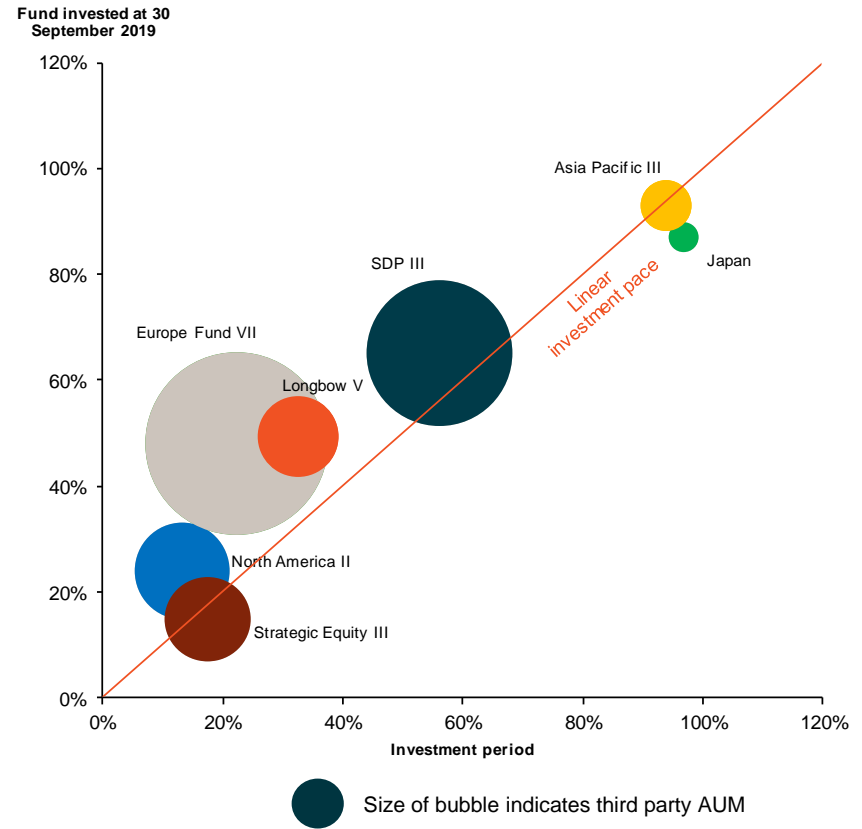
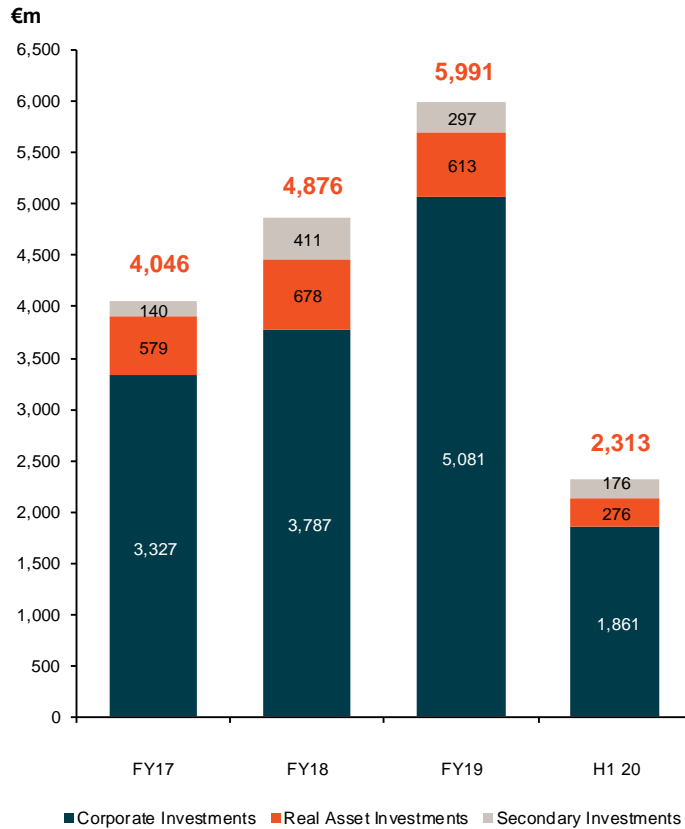


Source: ICG Private Company Trends; November 2019

Investing our direct investment funds

Disciplined deployment remains strong across strategies

Direct investment funds¹

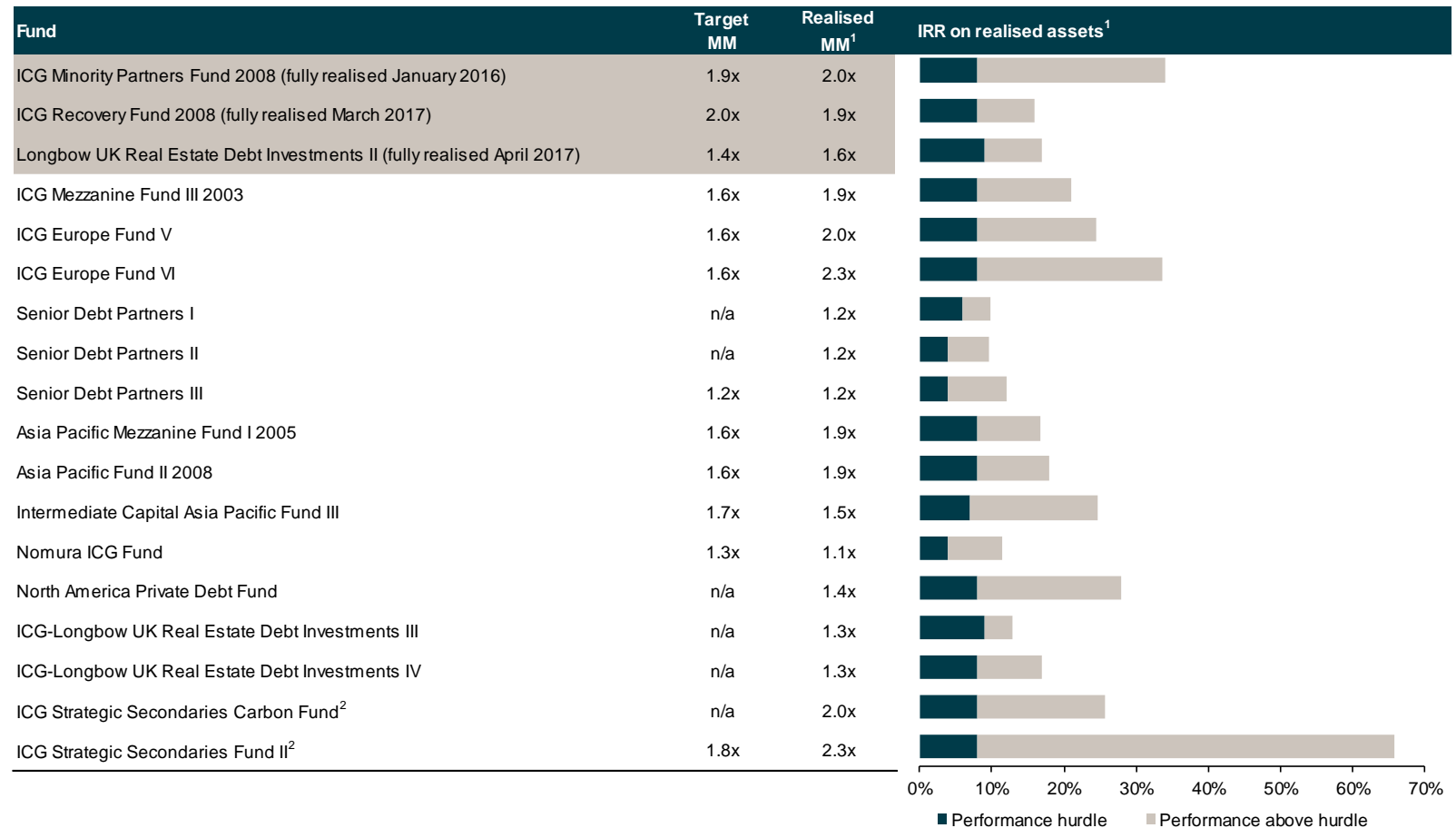


¹ Amounts invested include third party and balance sheet capital

Note: SDP III represents the co-mingled fund only and excludes undrawn commitments

Fund performance

Performance provides foundation for further growth



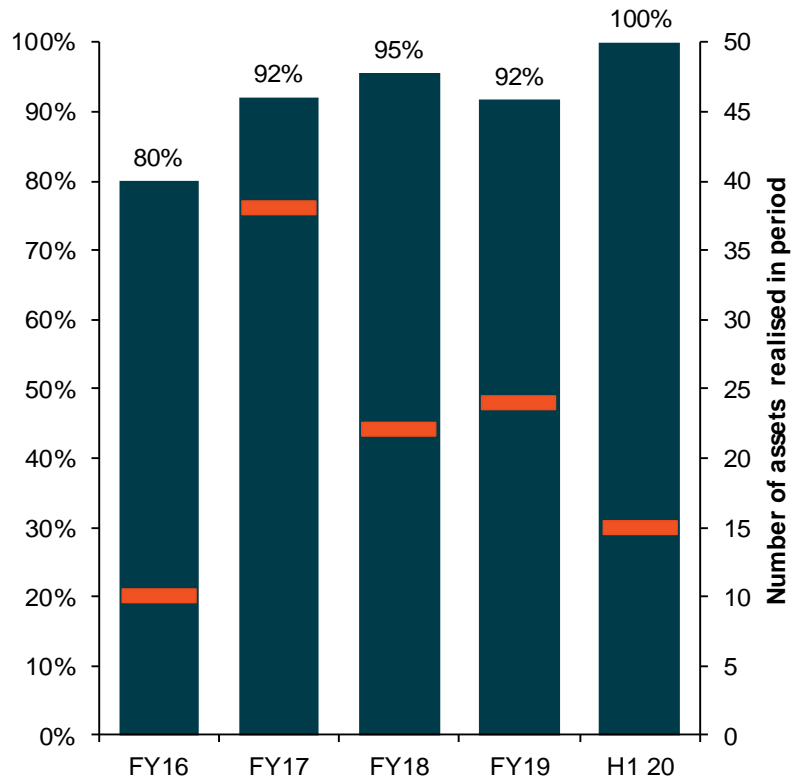
¹ Shows only funds with one or more realised assets and, for partially realised funds, excludes any data on unrealised assets

² Strategic Secondaries invests in assets at a discount to NAV and exits those assets relatively quickly, resulting in an exceptionally high IRR in the early stages of the fund

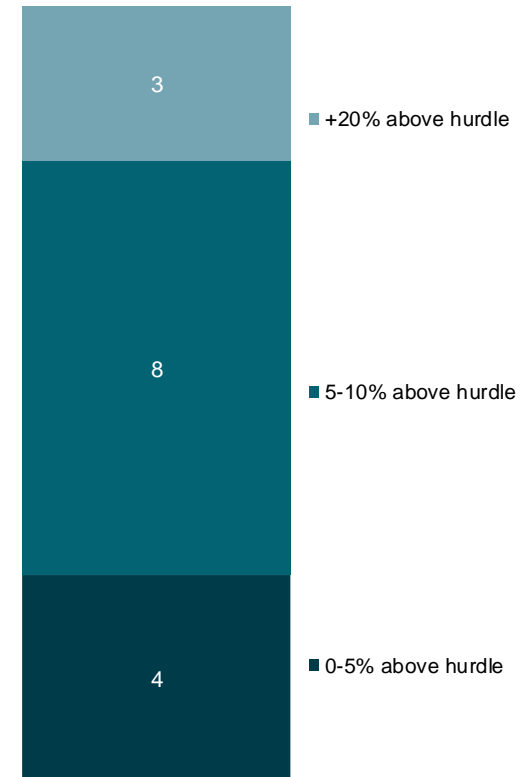
Fund performance

Realising assets locks in investment returns and track record

Percentage of realised assets exceeding hurdle rate

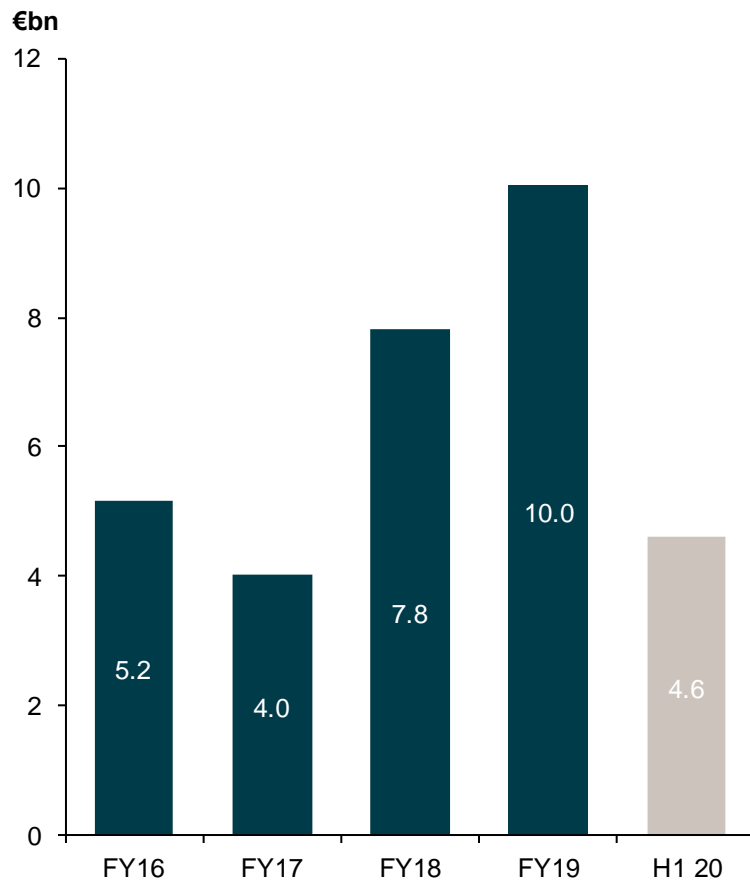


H1 20 realised assets; performance against hurdle

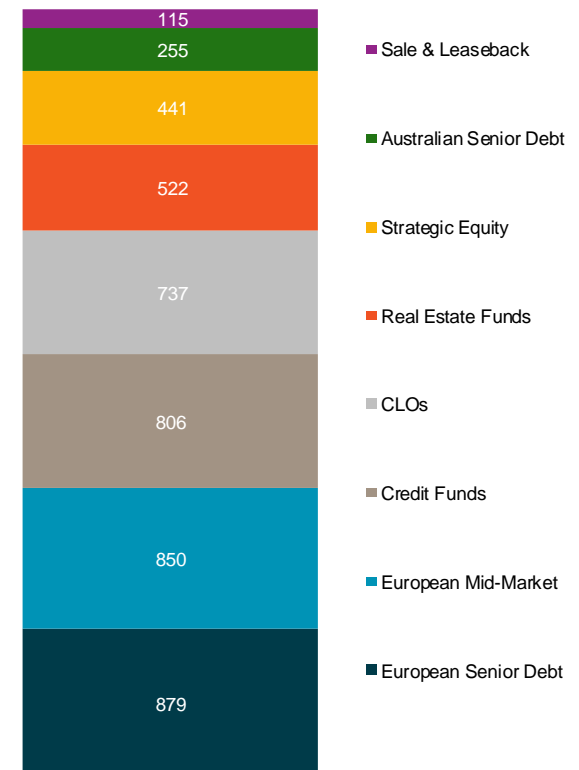


Fundraising

Strong fundraising across diverse portfolio offering



Funds raised in H1 20 by strategy (€m)



Fundraising

Dedicated European Sale & Leaseback strategy launched

- **Strategic opportunity with favourable financial dynamics**

- Mission critical real estate
- Largest existing players US focused
- Diversified, long-dated inflation protected income streams

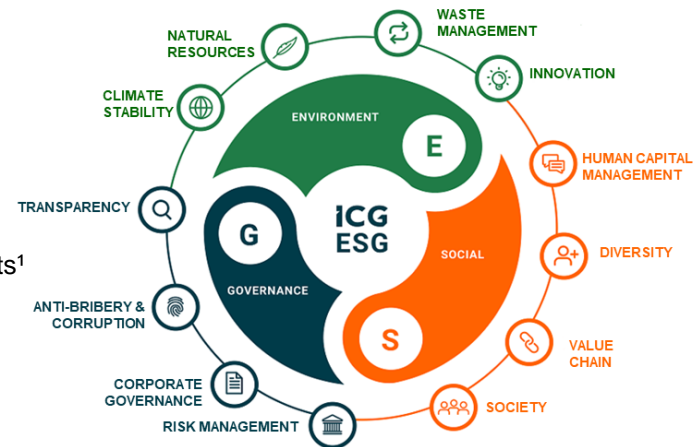
- **Good fit with ICG's existing strategies**

- Combining in-house expertise within Real Estate and Direct Lending teams
- Fees charged on committed capital

- **Enhances our ESG credentials**

- ESG-focused fund
- Ownership of physical assets will be used to drive ESG improvements¹

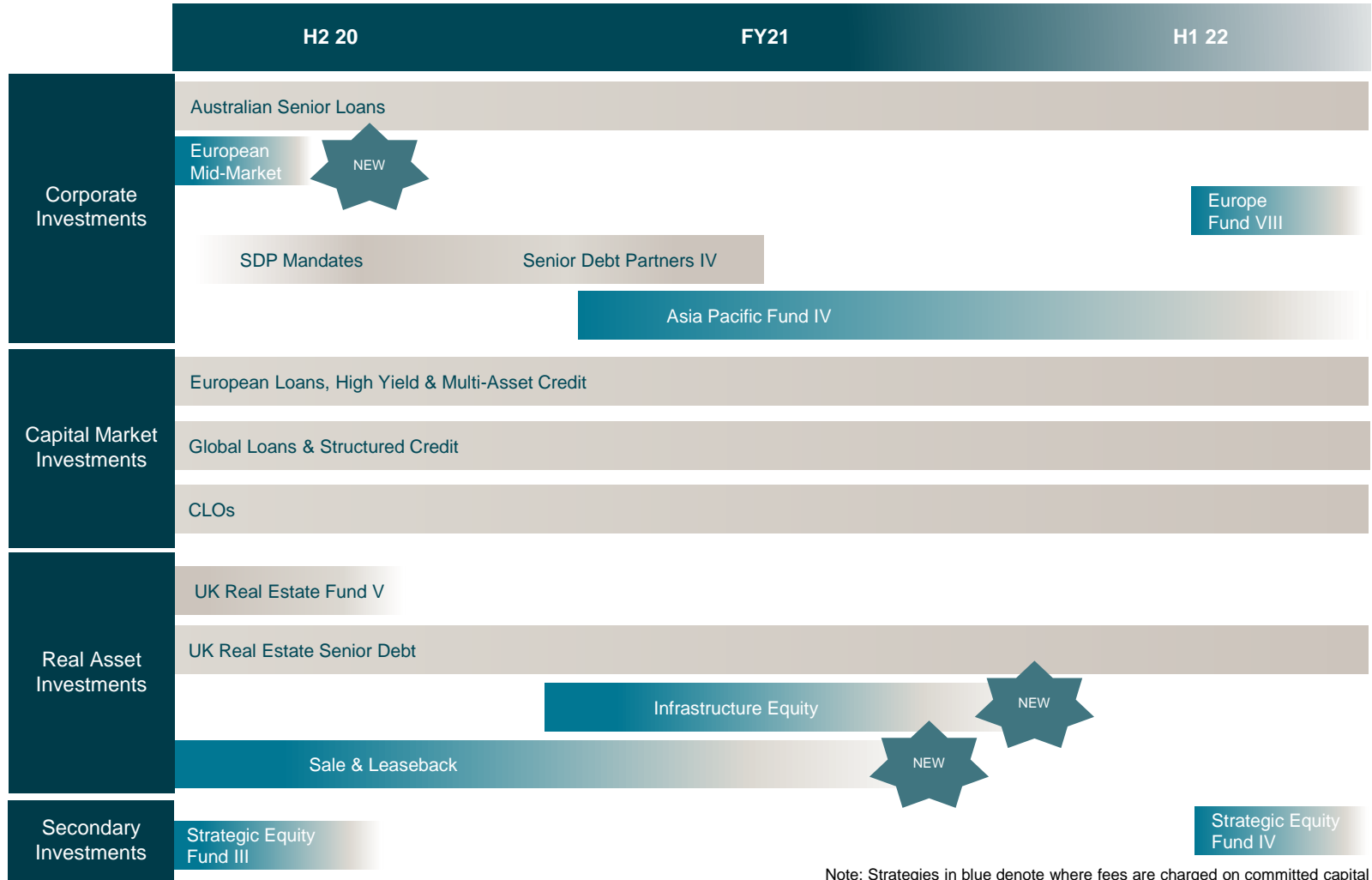
ICG
Sale & Leaseback strategy



¹ICG's 2019 ESG report further details the strategy's ESG objectives and Sustainability Framework. The report can be found on the icgam.com newsroom

Fundraising outlook

Fundraising focus on newer strategies and SDP Fund IV



Note: Strategies in blue denote where fees are charged on committed capital

Summary

Well positioned for further growth

Grow assets under management

- Strong fundraising with €4.6bn raised across 14 strategies
- Two new strategies launched - European Mid-Market and Sale & Leaseback

Invest selectively

- Funds investing at, or ahead of, their linear investment pace
- Disciplined attitude to deployment maintained in competitive environment

Manage portfolios to maximise value

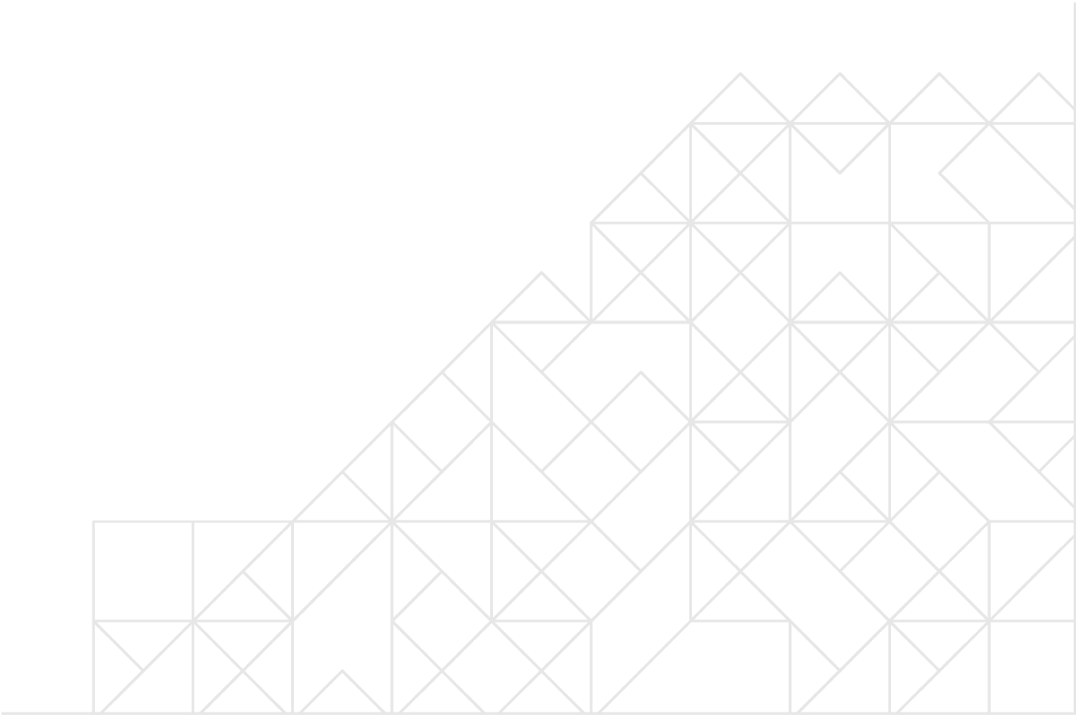
- Portfolios performing well; actively seeking realisations to lock in performance
- All funds on course to meet or exceed a return on hurdle rates

Capital allocation

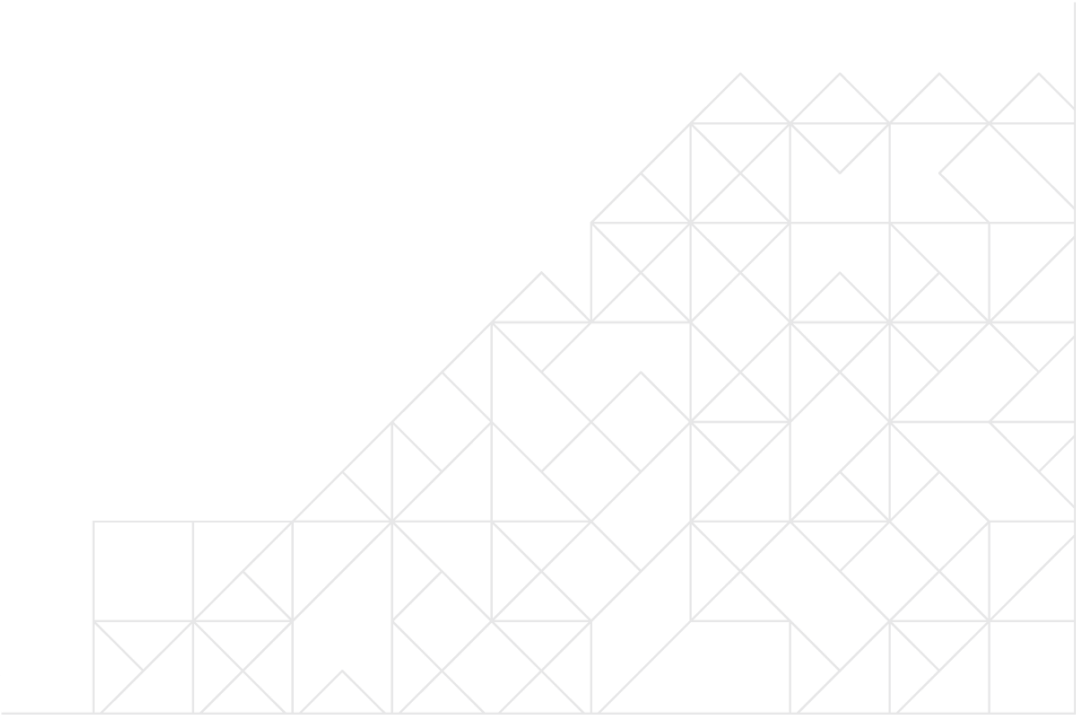
- Balance sheet efficiency facilitating Fund Management Company growth
- Interim ordinary dividend increased 50% to 15.0p per share

Q&A

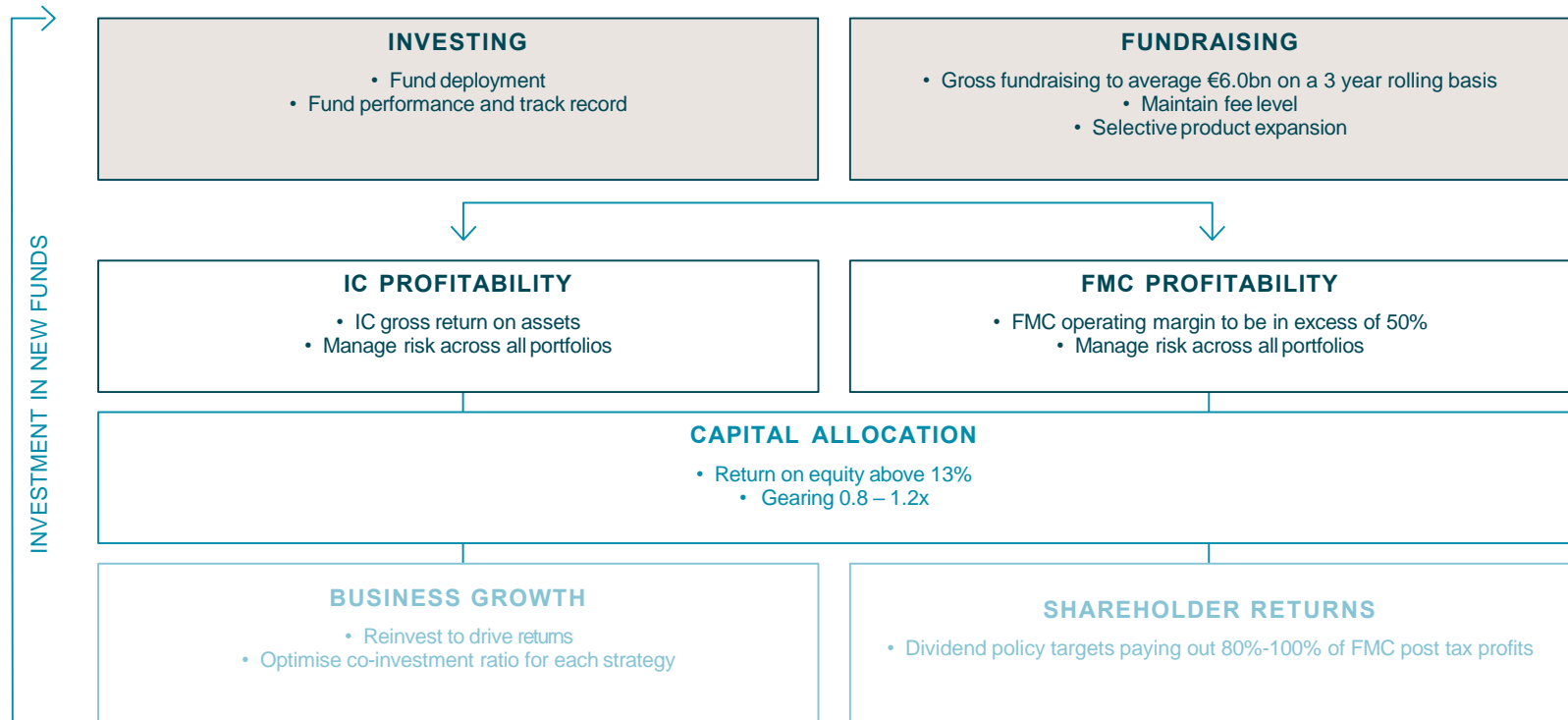
iCG



Appendix



ICG operating model



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