



Intermediate Capital Group PLC

Half Year Results

30 September 2010

Disclaimer



Important Notice

The materials being provided to you are intended only for informational purposes and convenient reference and may not be relied upon for any purpose.

This information is not intended to provide, and should not be relied upon, for accounting, legal, tax advice or investment recommendations. You should consult your tax, legal, accounting or other advisors about the issues discussed herein. Although information has been obtained from and is based upon sources that Intermediate Capital Group PLC ("ICG PLC") considers reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions, projections and estimates constitute the judgement of the authors as of the date of the document and are subject to change without notice. ICG PLC excludes all liability and therefore accepts no responsibility for any loss (whether direct or indirect) arising for any action taken or not taken by anyone using the information contained therein.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or investment interest and may not be relied upon in evaluating the merits of investing in these securities or investment interests. These materials are not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

Neither ICG PLC or any of its affiliates makes any representation or warranty, express or implied as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied upon as a promise or representation whether as to past or future performance.

These materials (including their contents) are confidential, being for use only by the persons to whom they are issued. Distribution of these materials to any person other than the person to whom this information was originally delivered and to such person's advisors is unauthorised and any reproduction of these materials, in whole or in part, or the disclosure of any of their contents, without the prior consent of ICG PLC or its affiliates is prohibited.

This communication is limited to and directed to those persons invited to the presentation. It is therefore only directed at professional clients, as defined by the Financial Services Authority. Any other persons should not seek to rely upon the information contained herein. Collective investment schemes referred to herein are not regulated for the purposes of the UK's Financial Services and Markets Act 2000 and are not available to members of the general public.

ICG PLC is authorised and regulated in the United Kingdom by the Financial Services Authority. Intermediate Capital Managers Limited is a wholly-owned subsidiary of ICG PLC and is also authorised and regulated in the United Kingdom by the Financial Services Authority.

Highlights



- Operational highlights
 - Strong realisations; £150m of repayments; £87m of capital gains
 - £437m** of new investments; £128m** for the Investment Company
 - AUM of €11,671m vs €11,191m at 31/03/10
- Financial highlights
 - FMC Profit before tax: £16.9m vs £15.2m in H2 10
 - IC Profit before tax*: £88.2m vs £82.5m in H2 10
 - Group Profit before tax*: £105.1m vs £97.7m
 - Interim dividend of 6 pence unchanged from last year

* Including £8.5m, impact of fair value movements on derivatives held for hedging purposes (H2 10: loss of £7.5m)

** Excluding the syndicated portion of the EOS Loan Fund 1

Strategic priorities

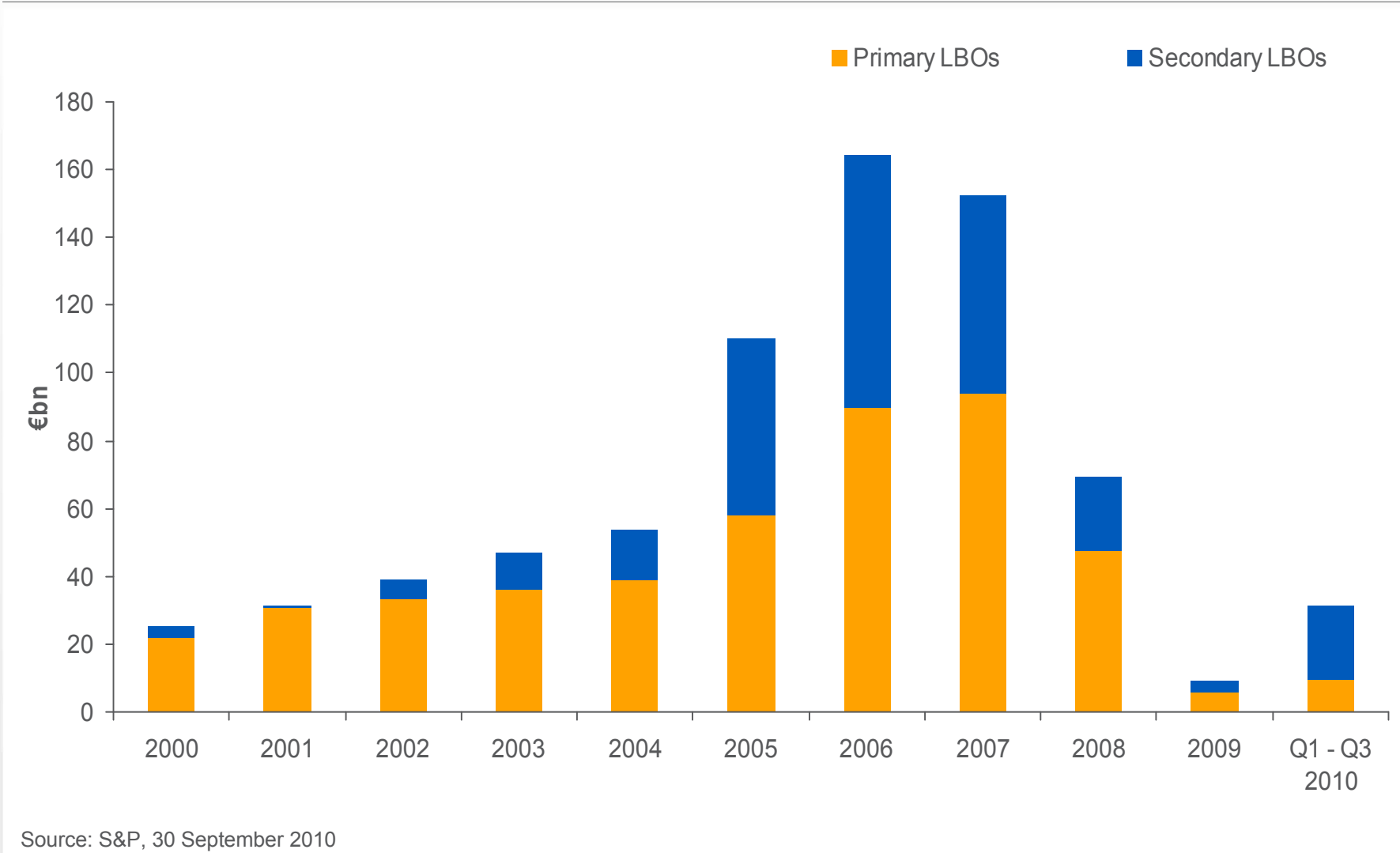


- Manage our portfolio to maximise value
- Invest selectively
- Grow our Fund Management Company



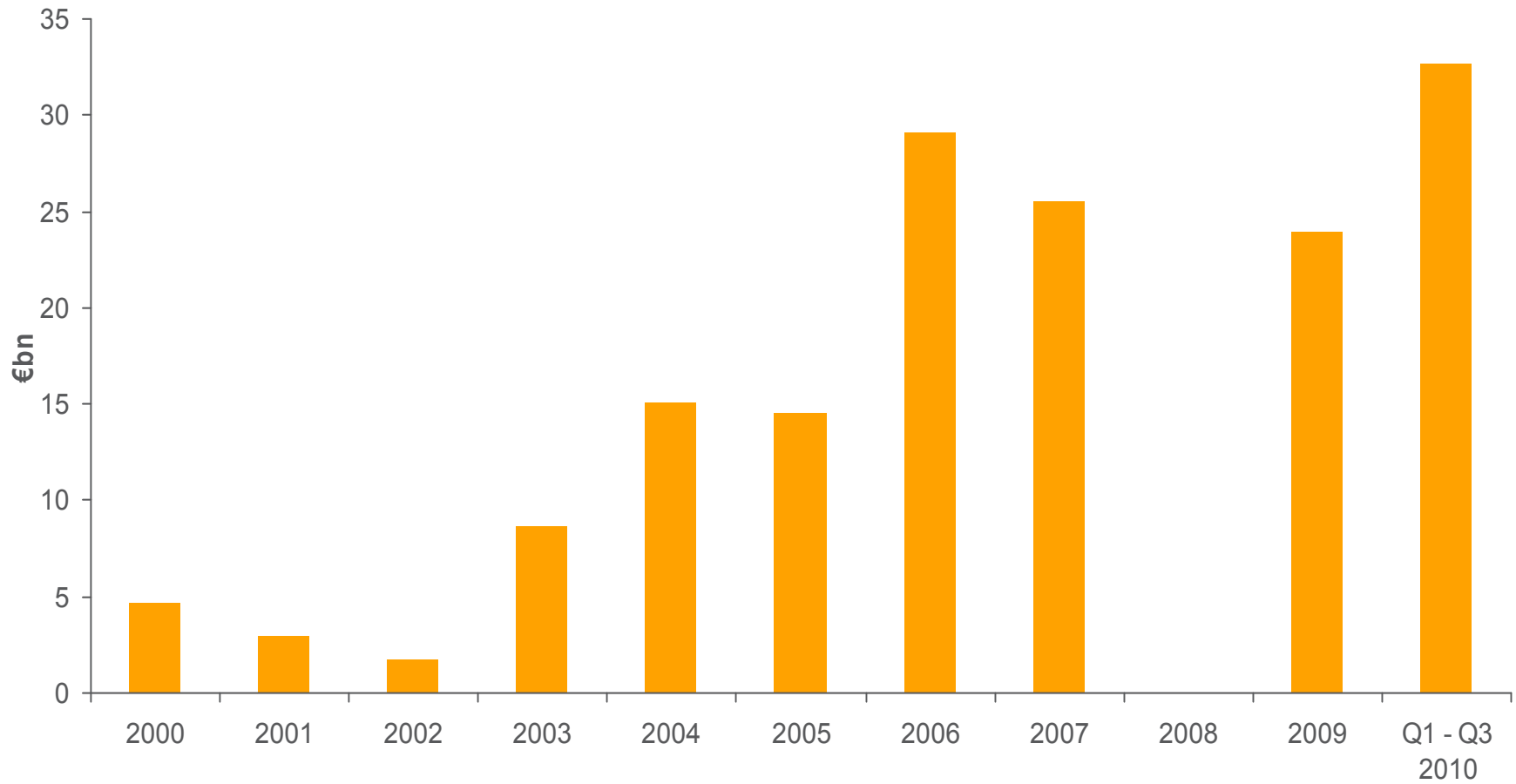
LBO Market Update

European LBO Volume



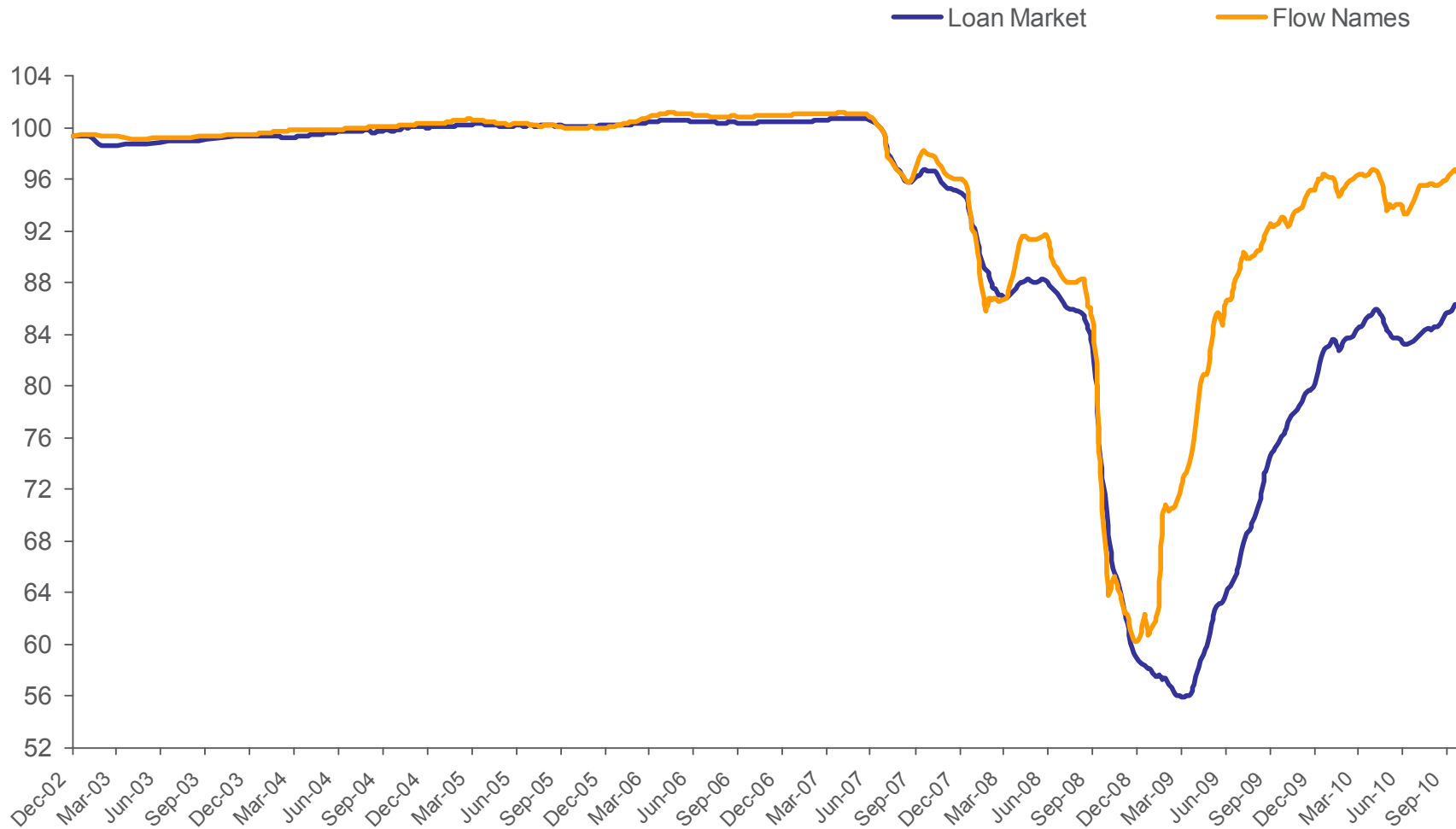
Source: S&P, 30 September 2010

European High Yield Issuance



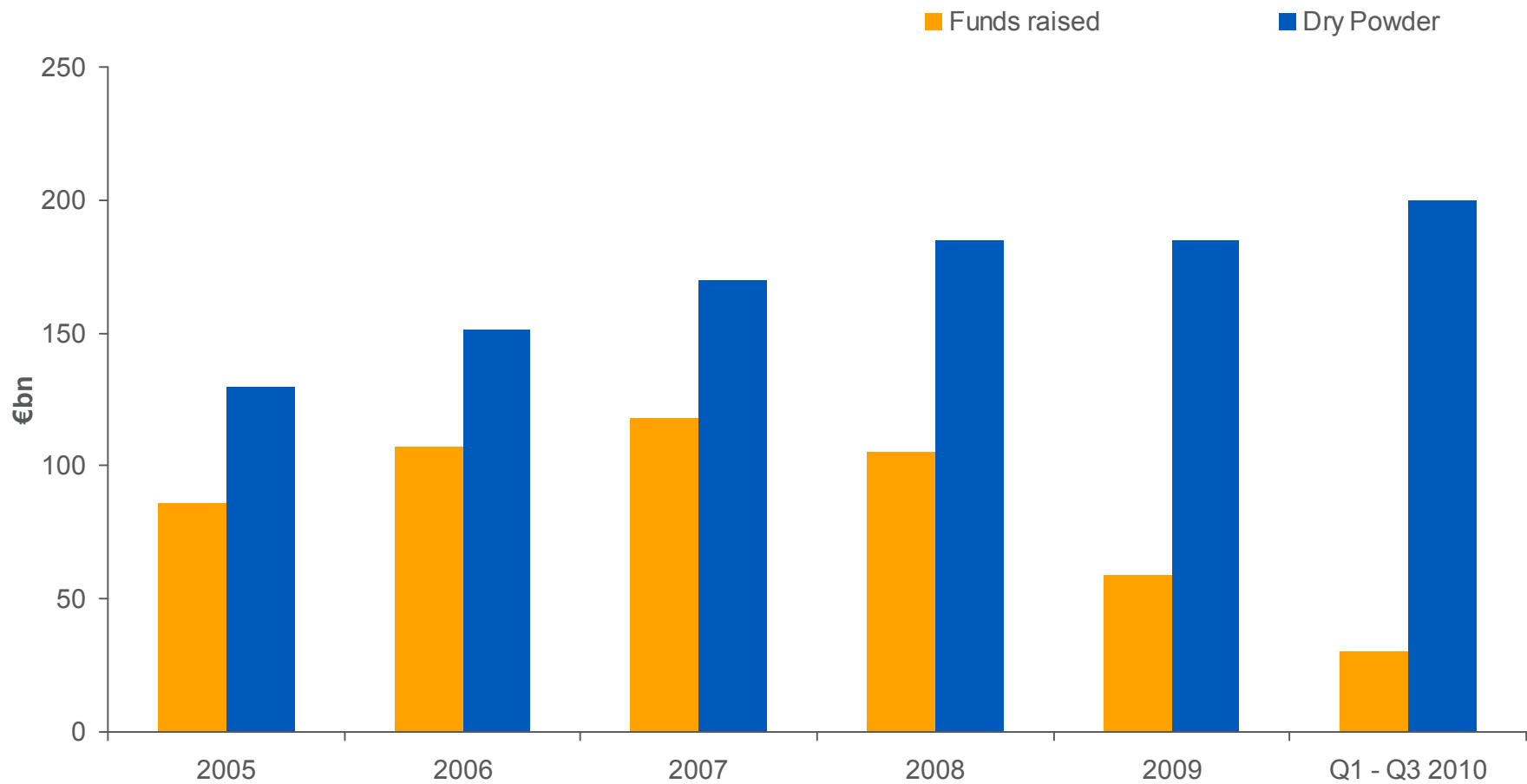
Source: S&P, 30 September 2010

European Loan Prices



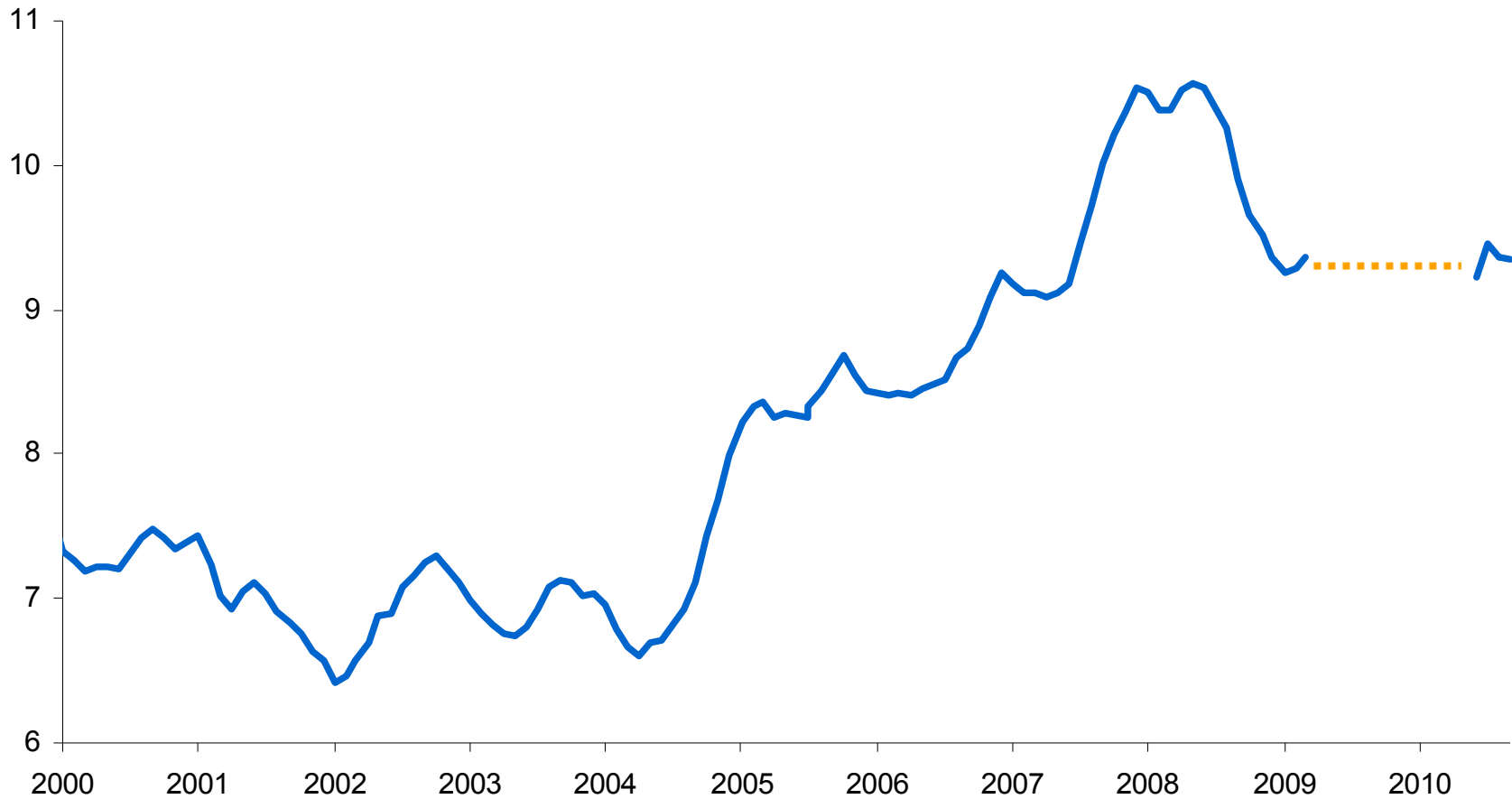
Source: S&P

European Private Equity Drypowder



Source: Preqin, 30 September 2010

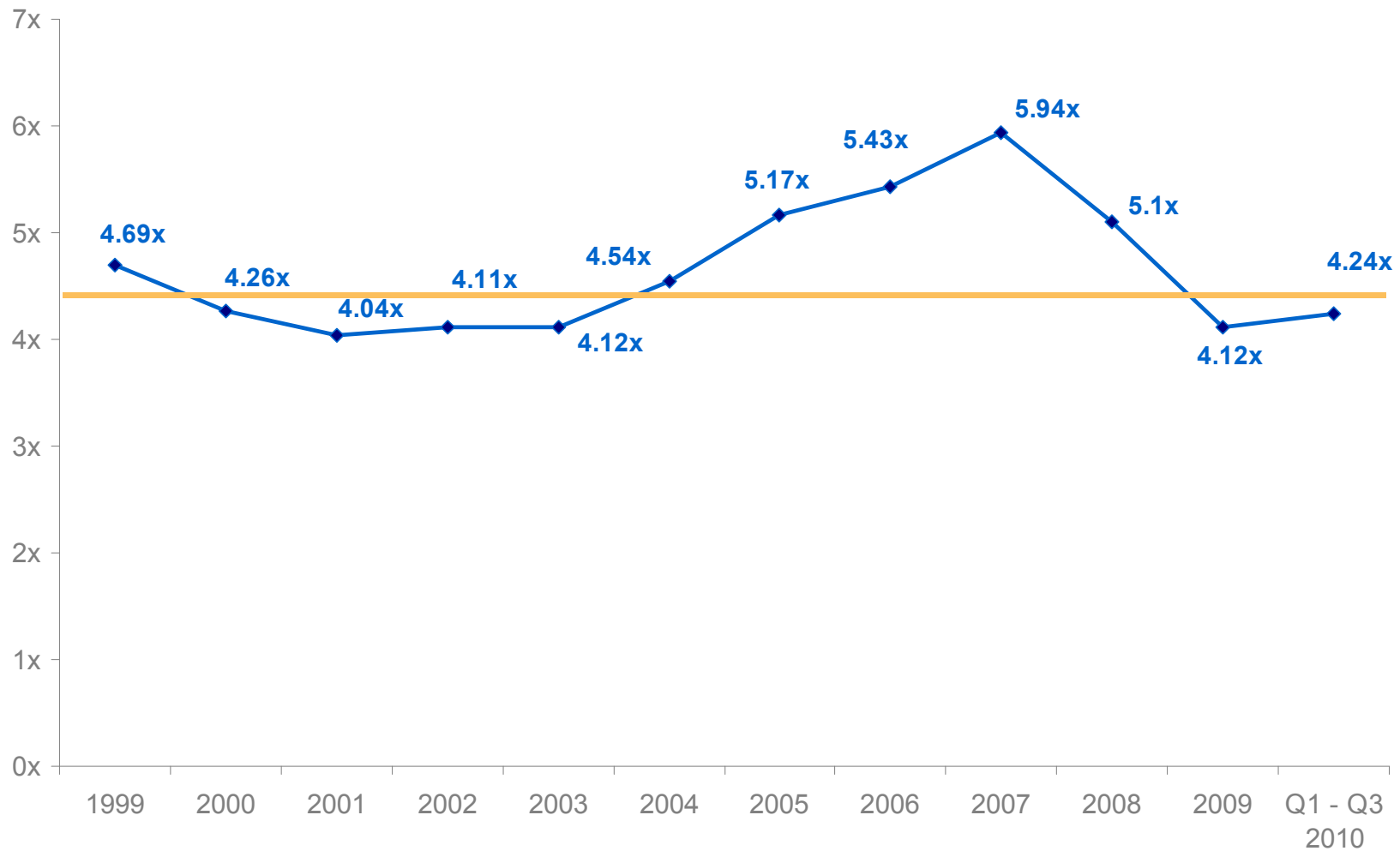
European LBO Average Purchase Price



Source: S&P

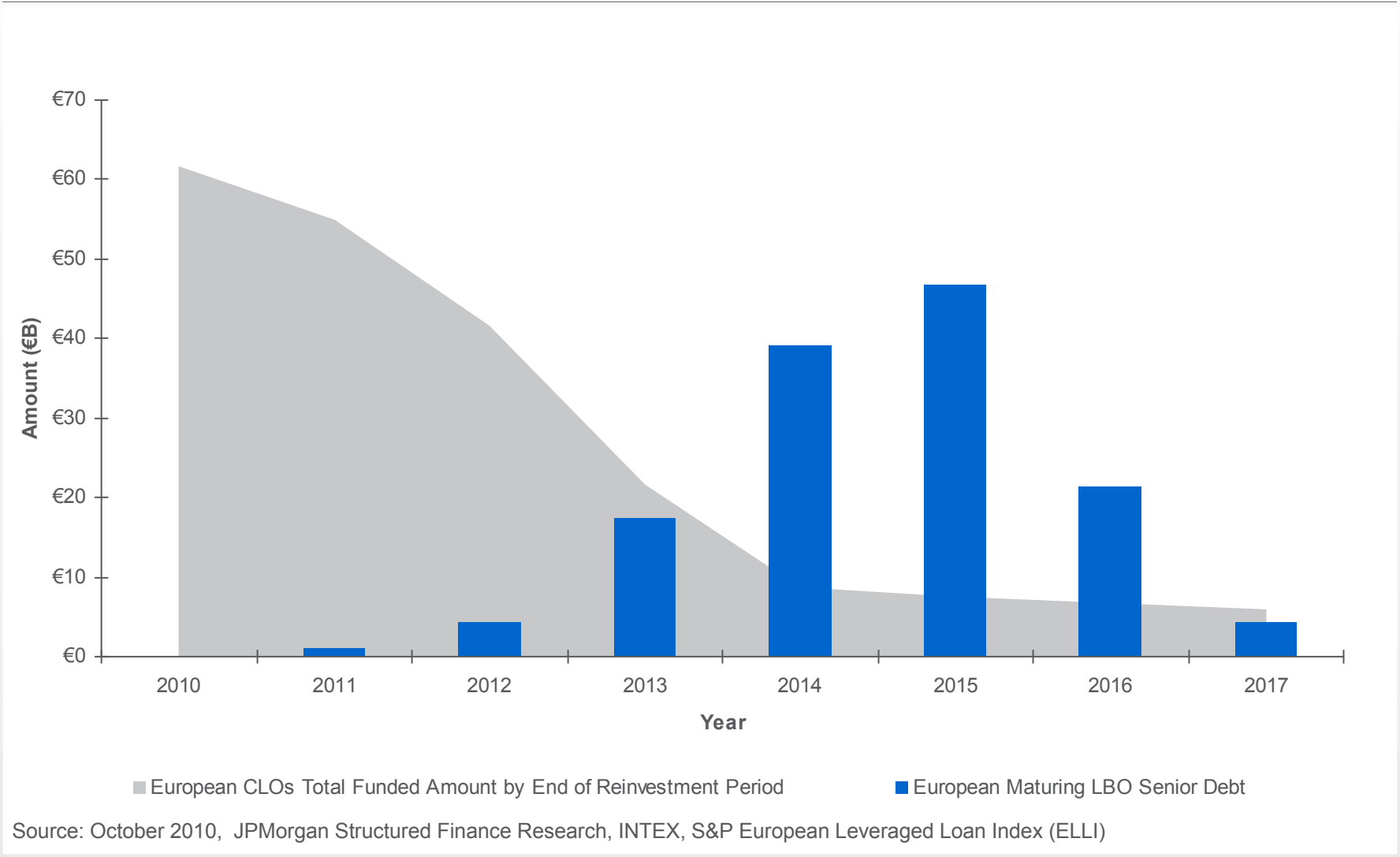
European Gearing

Total Debt/EBITDA for European LBOs

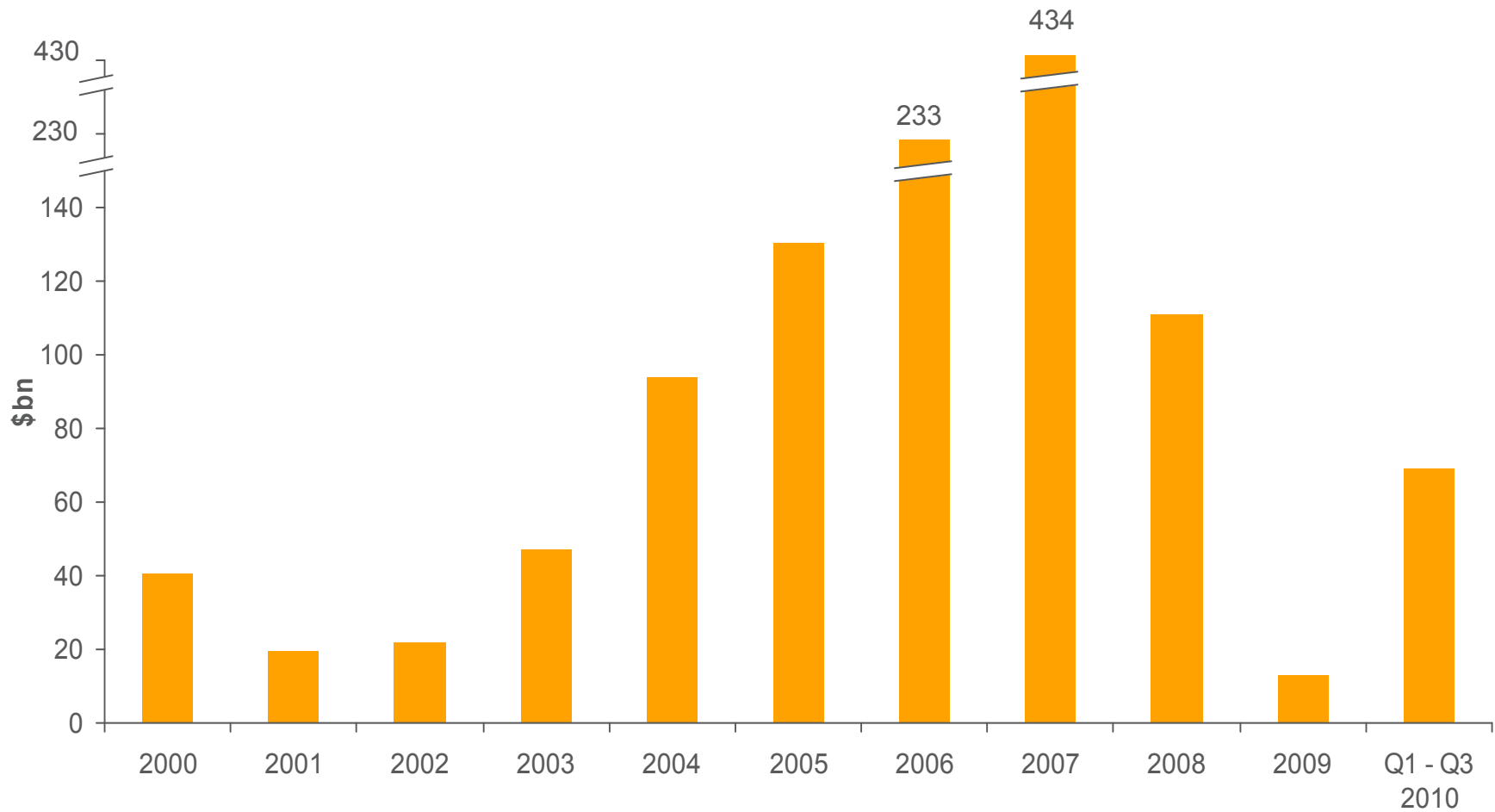


Source: S&P

European Refinancing Gap



US LBO Volume



Source: S&P

Asia Pacific LBO Market

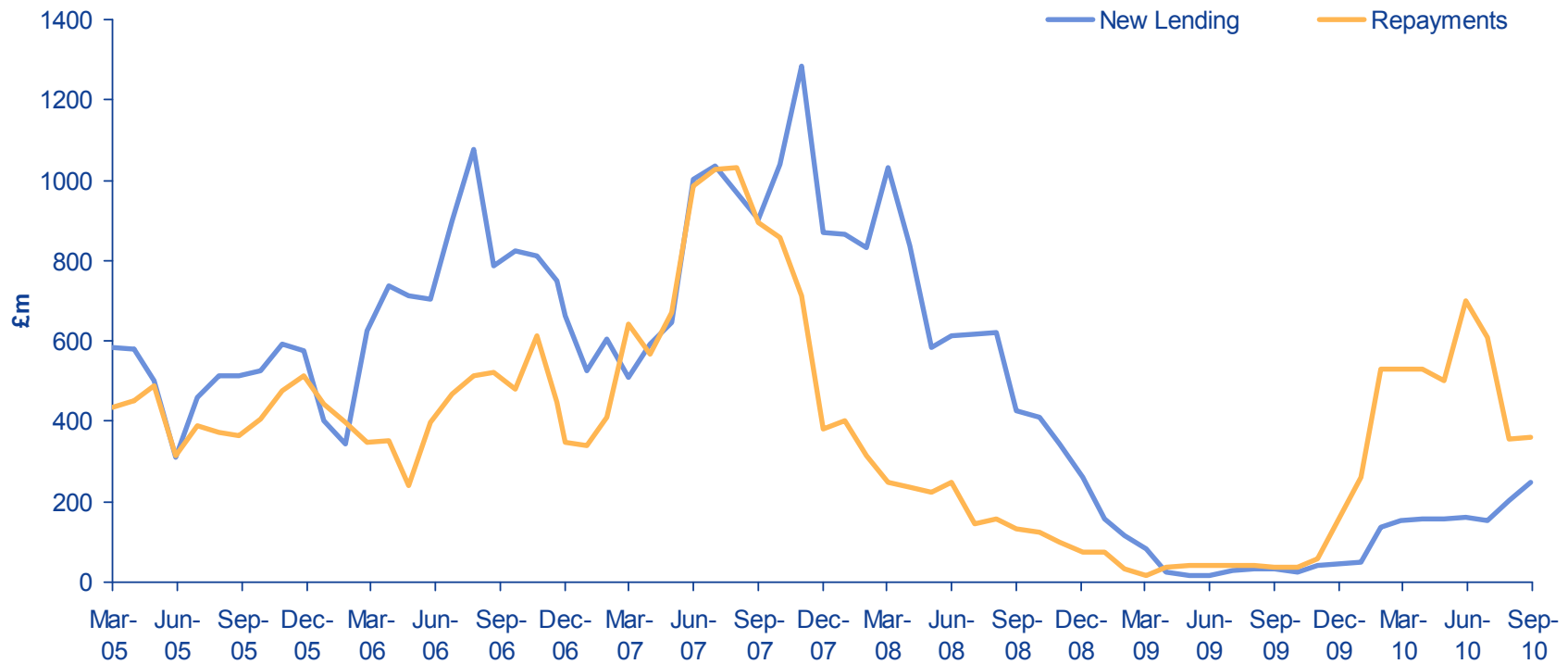


- Growth prospects make market attractive to all
- Secondary market supporting dynamic primary market
- Local banks are well capitalised
- ICG well positioned but cautious given valuations



Realisations and Investments

New Lending vs Repayments*



*6 months moving average

Exits



- Market remains a seller's market
- £150m of repayments* in H1 11
- £86.8m of capital gains in H1 11
 - Geoservices
 - Sebia
 - Pasteur Cerba
 - TeamSystem
 - Picard
 - Visma
- £374m of repayments* and £186m of capital gains since 31 March 2009
- Well above initial objective of circa £400m for FY10-FY11

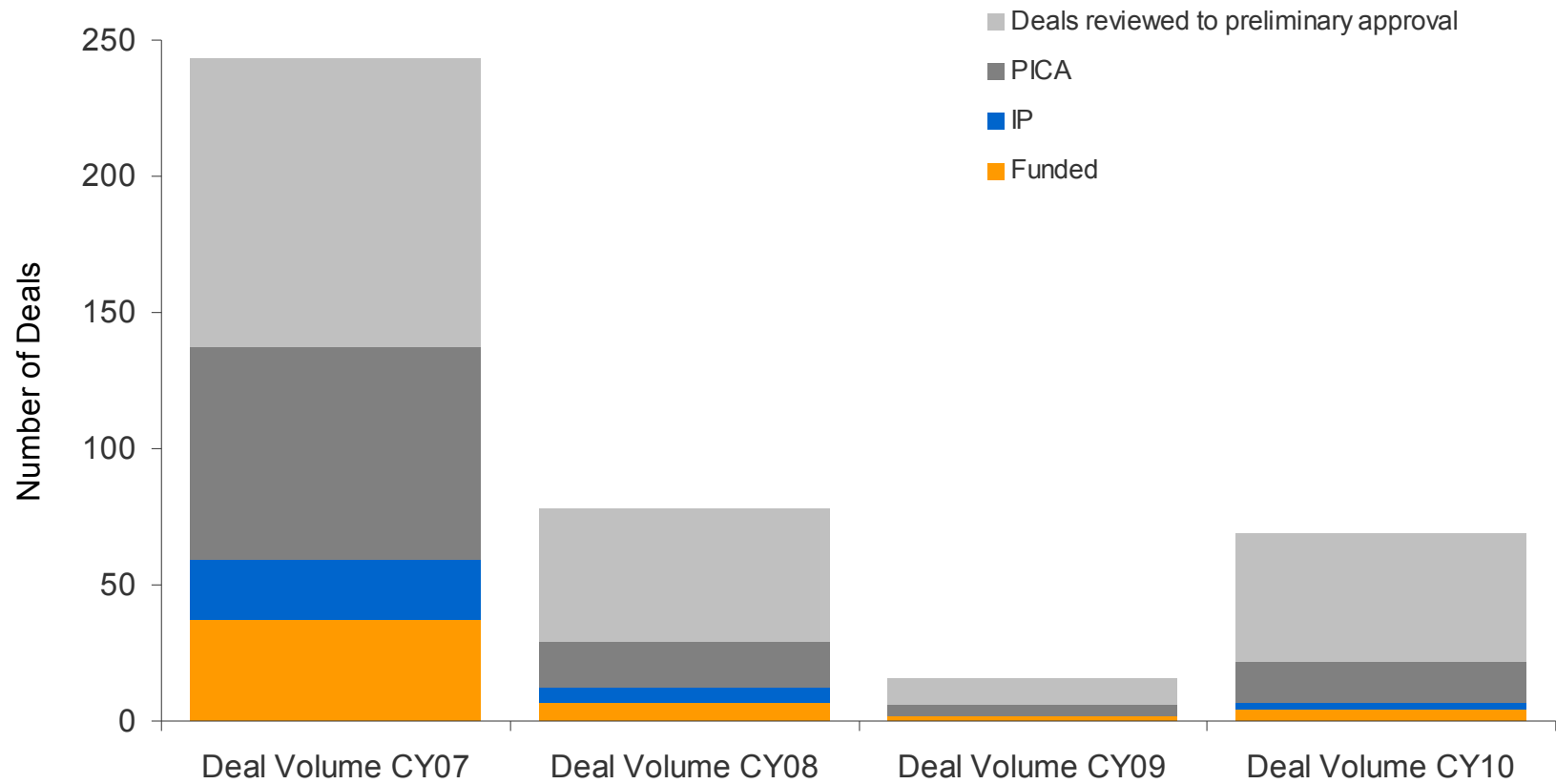
* Excludes Picard and Visma due to complete in H2

New Investments



- £128m of new investments
 - TeamSystem
 - Fort Dearborn
 - Eos Loan Fund 1
- £150m-£200m investment guidance for FY11 unchanged
- Cautious approach to investments

Deal Pipeline



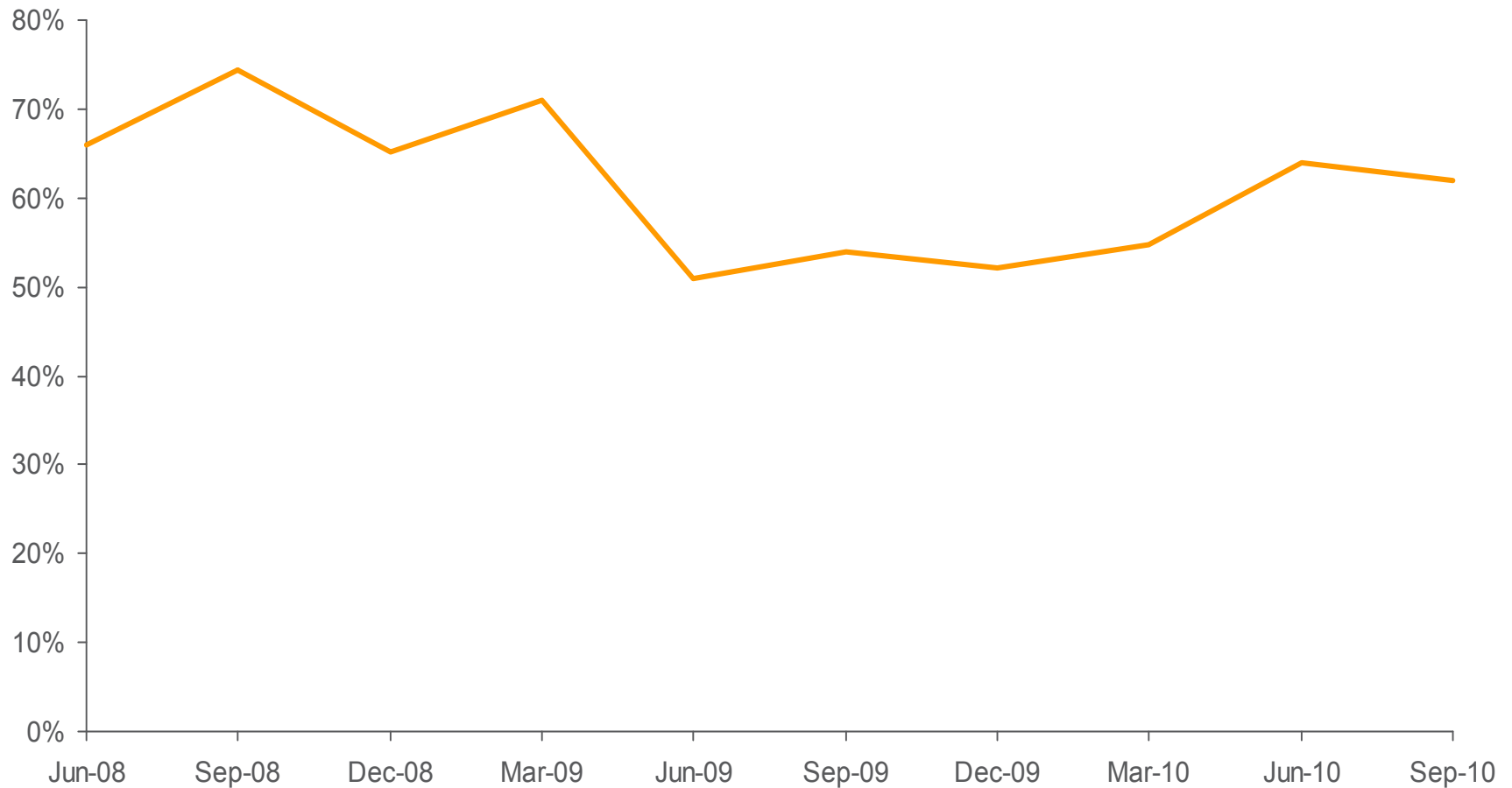


Portfolio Update

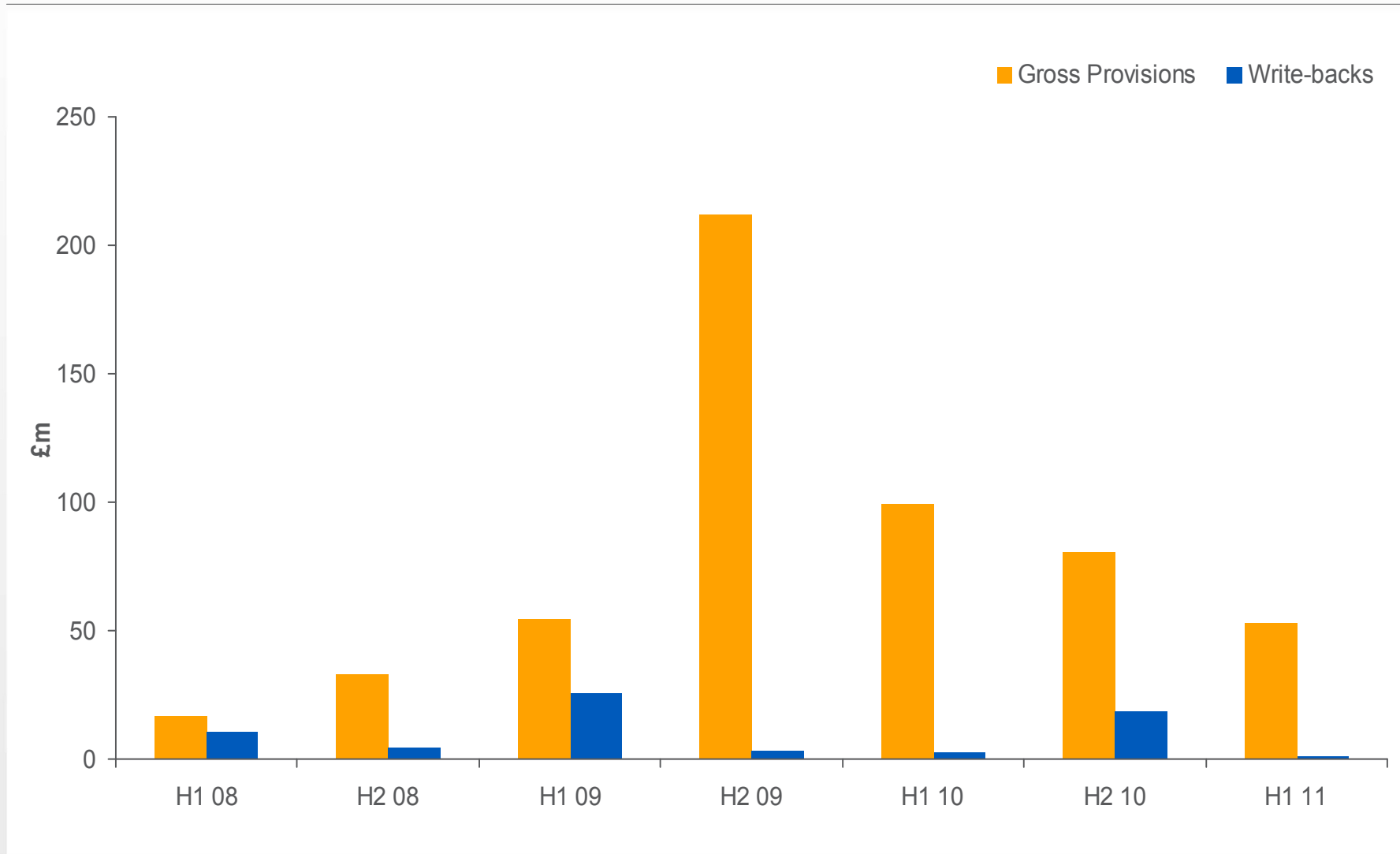
Investment Portfolio Performance vs Prior Year



Percentage of assets performing at or above prior year



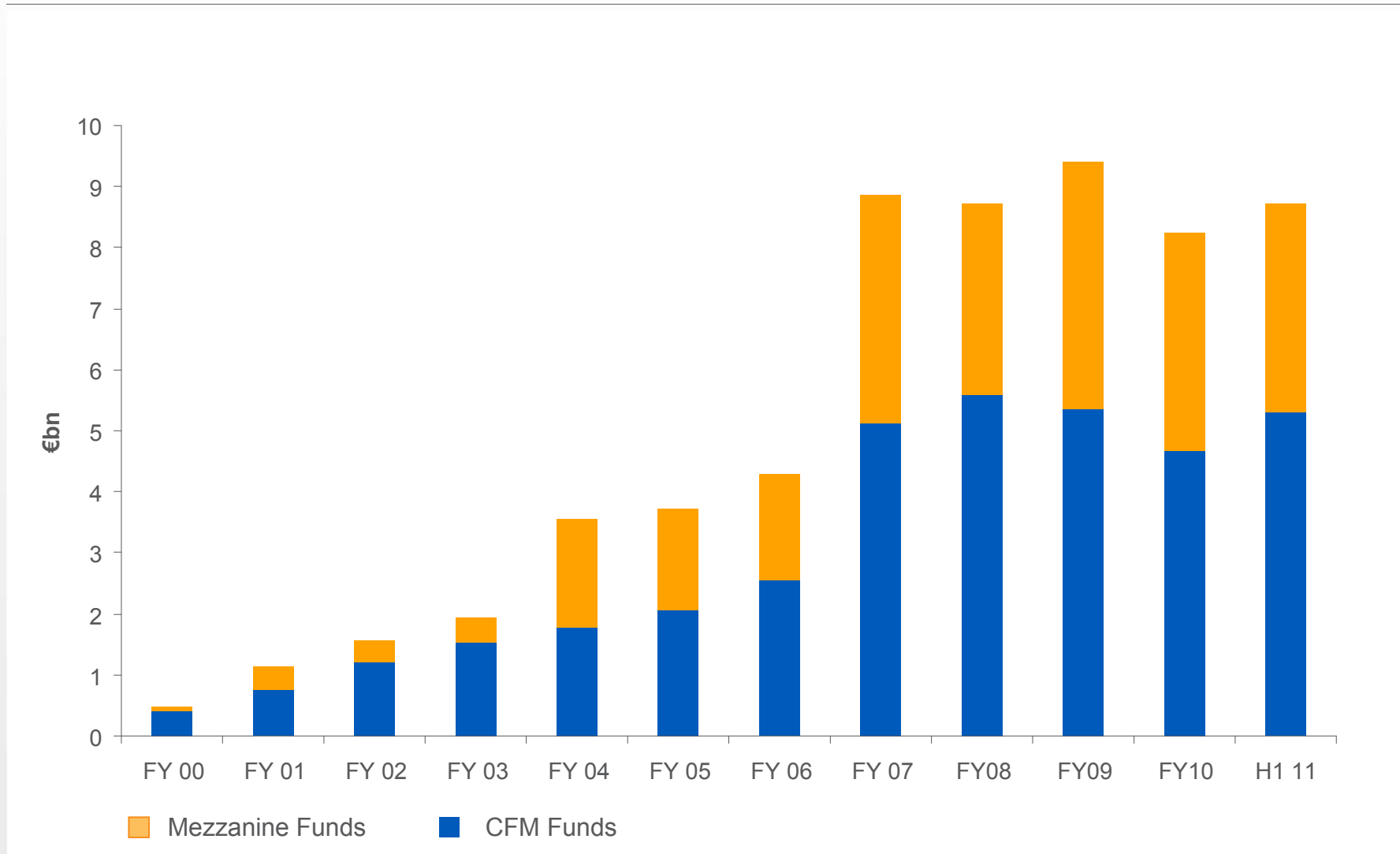
Trend in Provisions for Portfolio Companies





Fund Management

Third Party Funds Under Management



Eos Loan Fund 1



- 71 Western European loans, all performing loans
- €1.4bn of par value
- €841m of debt secured from third party;
- Equity from RF 08, EF 06, third party investors and IC (€48.5m)
- AUM contribution of €902m

Fund Management Outlook



- ICG Europe V
- High Yield
- CDO consolidation
- Adjacent asset classes



Financial Review

Financial Highlights



- Pre-tax profit* of £105.1m vs £97.7m in H2 10
 - FMC Profit before tax: £16.9m vs £15.2m in H2 10
 - IC Profit before tax*: £88.2m vs £82.5m in H2 10
- Cash Core Income of £43.8m vs £77.4m in H1 10; Interim dividend of 6p unchanged from last year
- Third Party AUM of €8,718m vs €8,249m at 31/03/10
- Investment portfolio £2,630m vs £2,684m at 31/03/10
- Balance sheet headroom of £619m at 30/09/10**, Investment capacity of €1.5bn between ICG and funds

*Including £8.5m positive impact of fair value movements on derivatives held for hedging purposes; H2 10: (£7.6m))

** Pre- proceeds from Picard, Visma and Eos Loan Fund 1 equity syndication

Segmental Reporting



	£m	H1 11	H2 10	H1 10
Fund Management Company	Fee income	39.1	34.9	41.5
	Other income	1.1	0.8	1.1
	Admin expenses	(23.3)	(20.5)	(19.8)
	FM Profit	16.9	15.2	22.8
Investment Company	Net Interest Income	95.0	107.2	102.5
	Div & other income	1.4	2.6	0.8
	Admin expenses	(33.0)	(28.7)	(32.0)
	Impairments	(53.1)	(64.7)	(97.1)
	Net capital gains	69.4	73.6	3.5
	FVM derivatives	8.5	(7.5)	7.6
	IC Profit	88.2	82.5	(14.7)
Group	Profit before tax	105.1	97.7	8.1

Eos Loan Fund 1 – P&L Impact

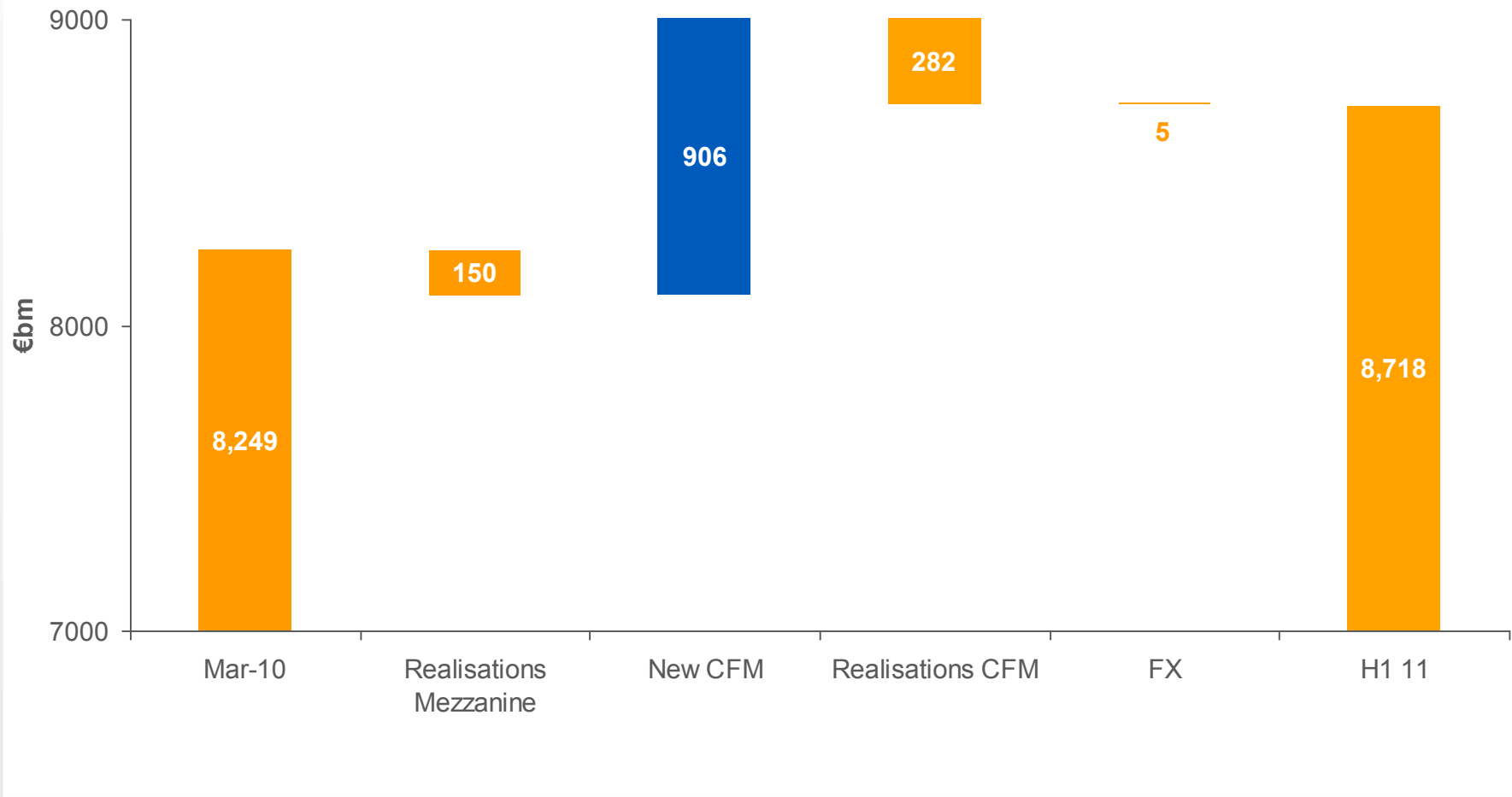


- Investment Company:
 - €48.5m stake retained
 - Structured as €5m equity and €43.5m shareholder loan
 - Limited marked-to-market risk
 - Revenue stream recognised in interest income line
 - Shareholder loan: cash yield of 10.2%
 - Equity: discount released over life of the fund (EIR methodology)
- Fund Management Company:
 - c. €4m a year additional fee income (syndicated portion and RF 08 stake)

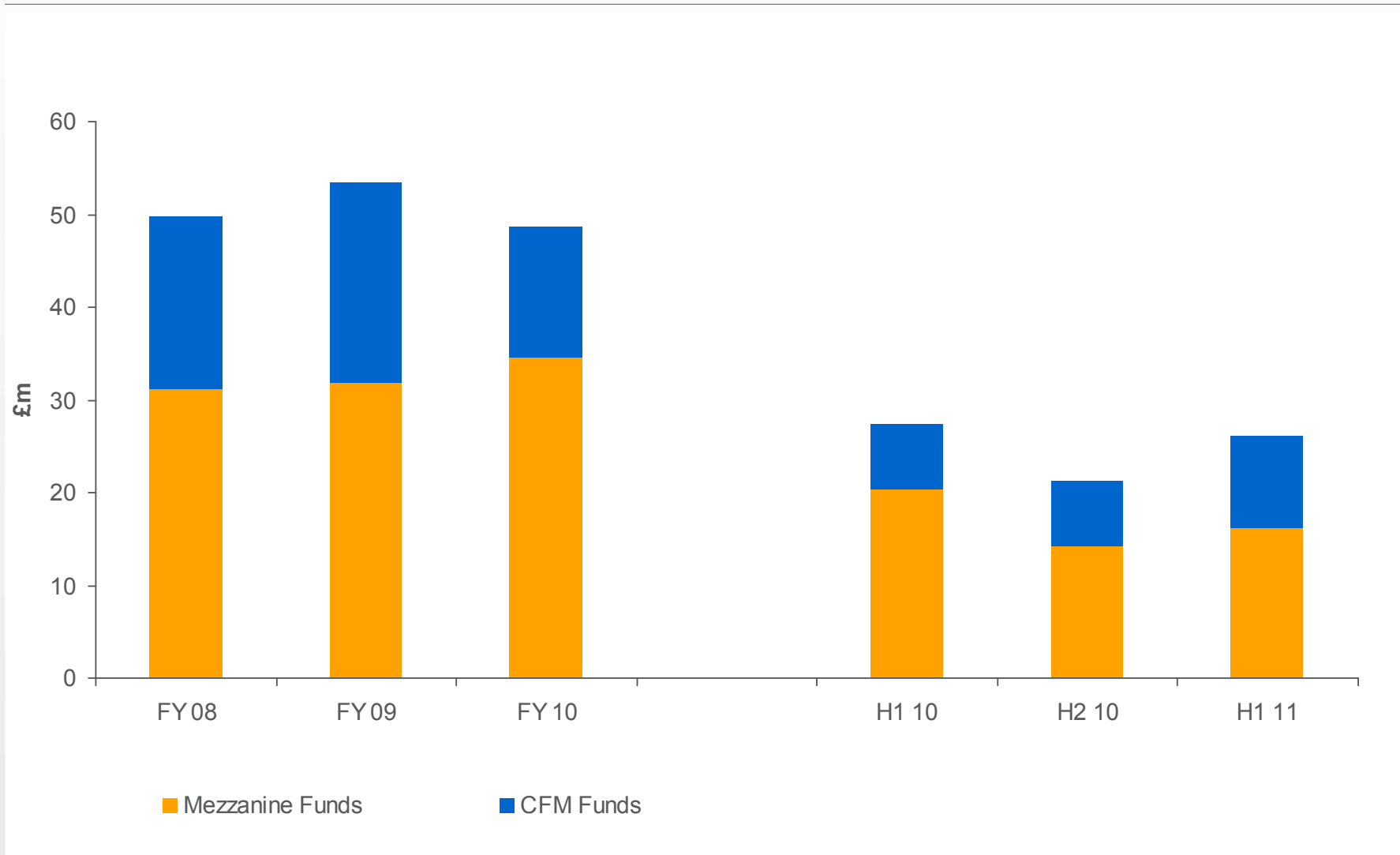
Third Party AUM



- Third party AUM up due to CFM inflow (Eos Loan Fund 1)



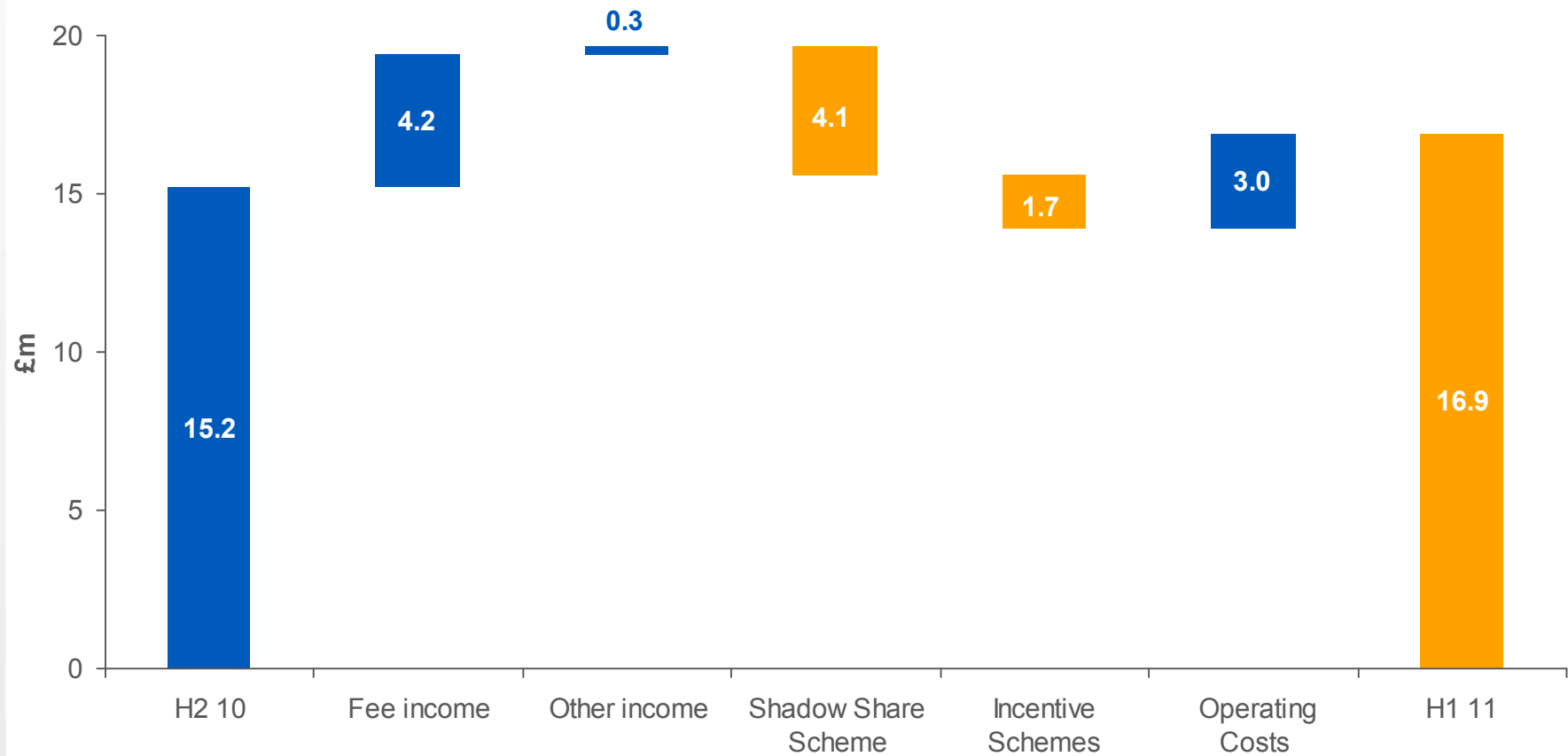
Third Party Fee Income



Fund Management Company



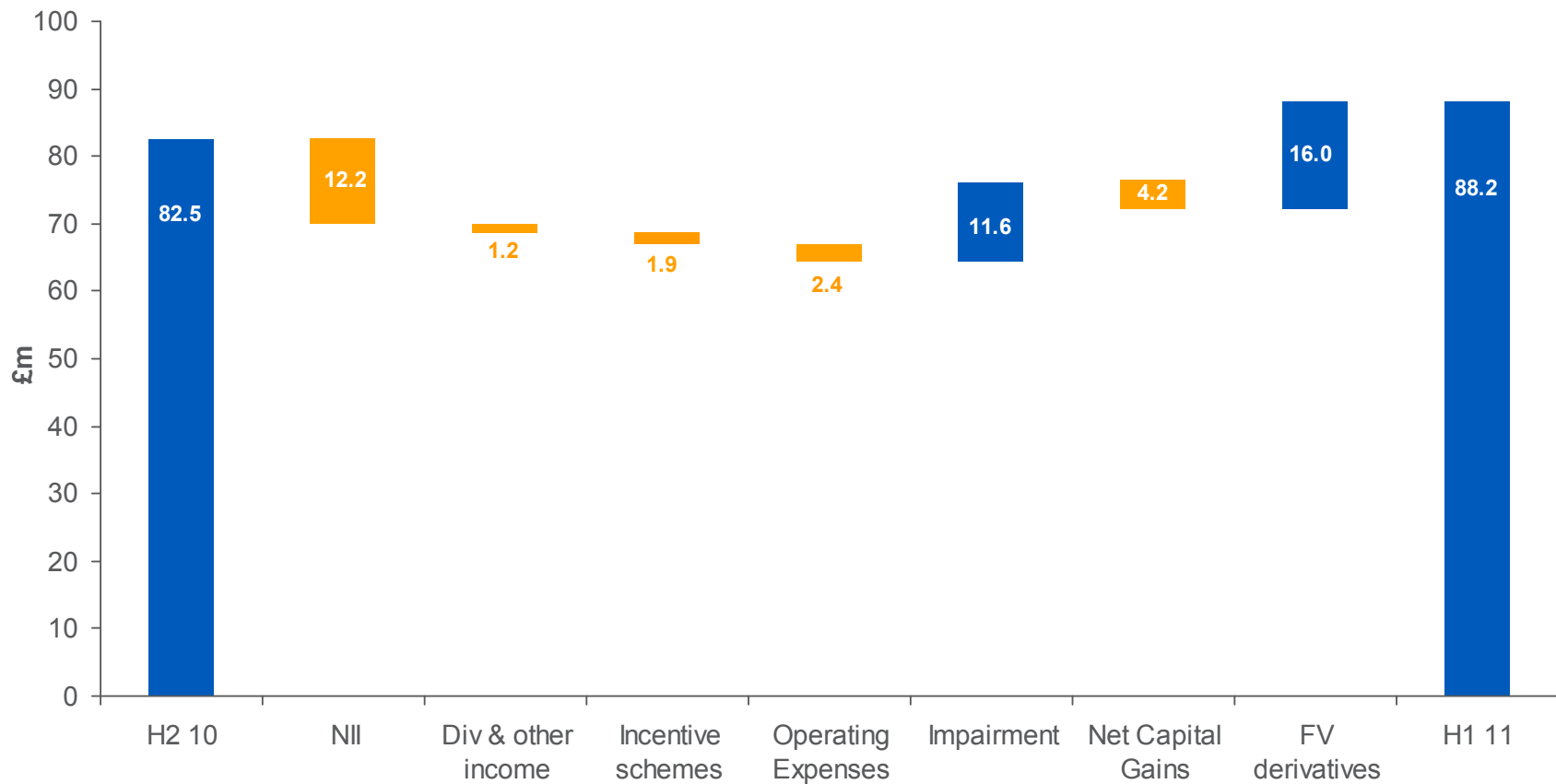
- Profit before tax of £16.9m due to higher fee income



Investment Company



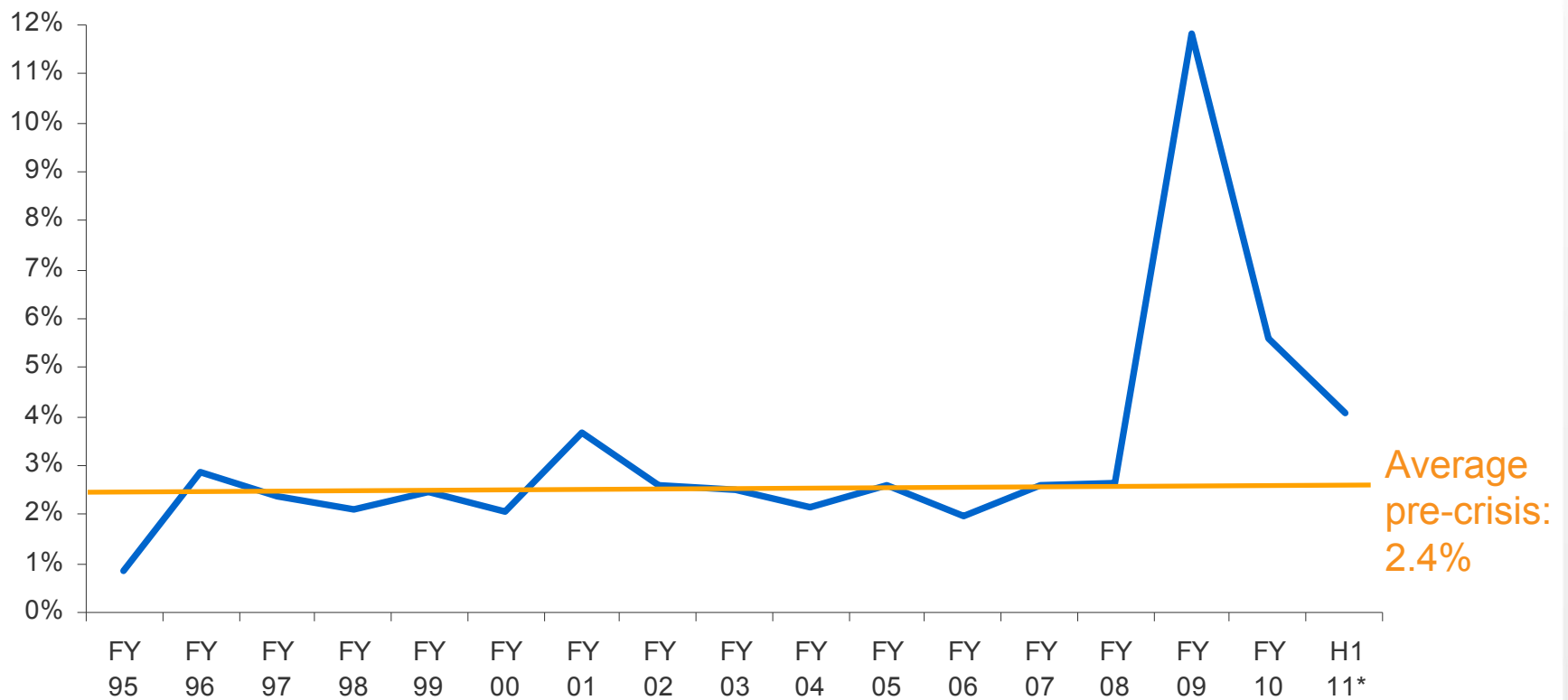
- Profit before tax and fair value adjustments at £88.2m



Long terms provisions



- Provisions (as a % of opening book) gradually trading back to historical levels

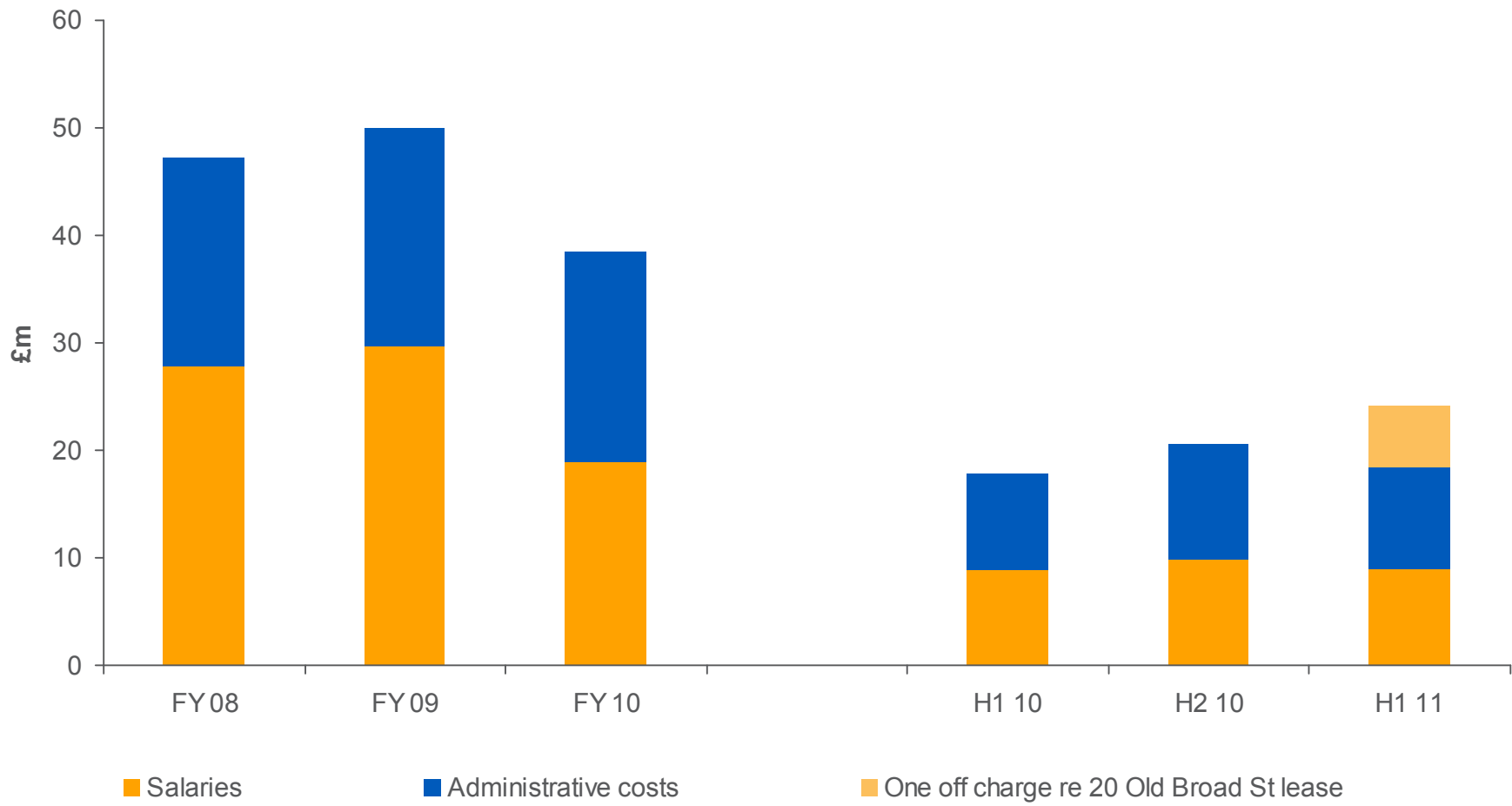


* annualised

Operating Costs (Excluding incentive schemes)



- Operating costs impacted by one off impact of 20 Old Broad St lease



Incentive Schemes Excluding MTIS



	Group	Segmental	
£m	H1 11	FM Co	Inv Co
FY10 Awards	3.8	3.0	0.8
FY11 Accruals	5.5	4.4	1.1
Total	9.3	7.4	1.9
	FY 10	FM Co	Inv Co
Old Schemes*	12.7	12.7	-

- Impact H1 11 of Awards relating to FY10 on FMC Profit is £3m
- MTIS on rolled-up interest of £10.1m in H1 11 compared to £15.5m in H1 10

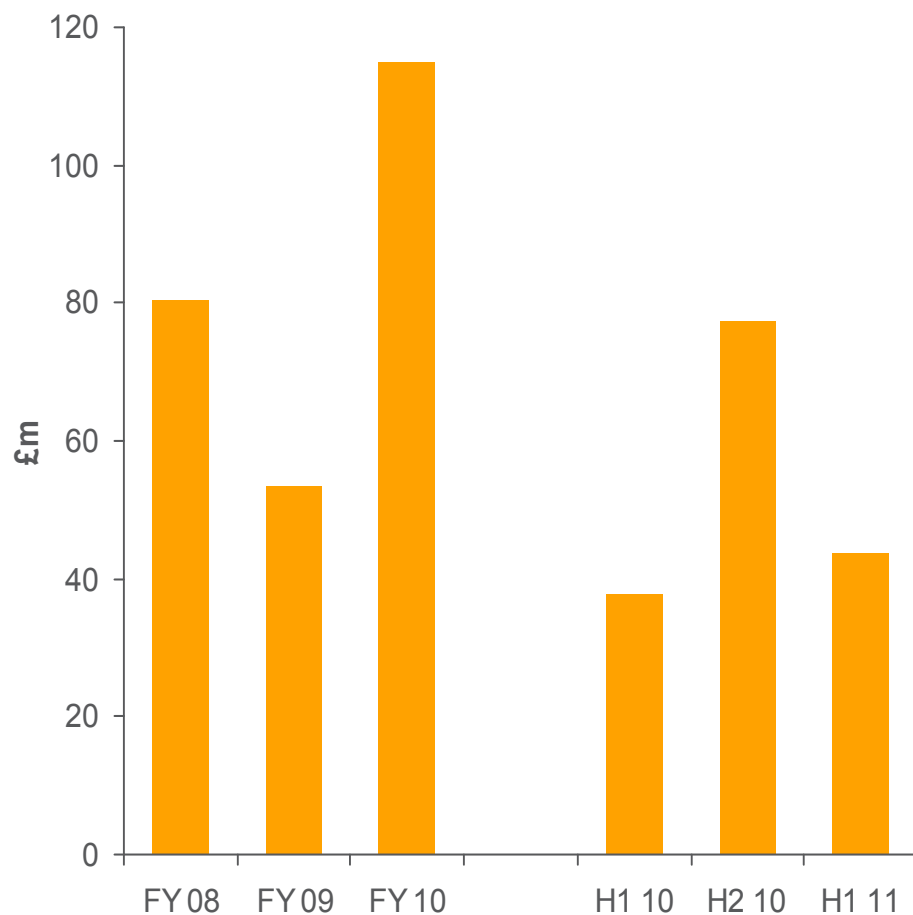
* Excluding £6.9m release due to termination of Shadow Share Scheme

Balance Sheet



	30 Sept 2010 £m	31 March 2010 £m
Loans & Investments	2,666	2,718
Net current liabilities	52	(30)
	2,718	2,688
Shareholders' Funds	1,198	1,184
Borrowings	1,520	1,504
	2,718	2,688
Annualised ROE	11.3%	8.3%
Gearing Ratio	127%	127%
Debt Facilities	2,139	2,223
Headroom	619	729

Cash Core Income



Cash Core Income Calculation:

Pre tax profit*	£102.3m
Less Capital Gains**	£(69.4)m
Plus provisions	£53.1m
Less Accrued PIK**	£(68.1)m
Plus PIK realised**	£25.9m
Cash Core Income	£43.8m

* adjusted for FV movements of derivatives held for hedging and £5.7m negative impact of Old Broad Street lease

** Net of MTIS

Summary & Financial Outlook



Summary

- Strong financial performance, momentum seen in H2 10 maintained
- FMC: positive momentum in fee income compared to H2 10
- IC: Strong realisations and impairments gradually trending towards long term average

H2 Outlook

- Positive impact of Eos
- FMC: H2 expect to be broadly in line with H1
- IC: expect lower NII, lower provisions and further capital gains in H2
- Cash core income will continue to benefit from exits

Conclusion

Conclusion



- Investment portfolio showing further signs of improvement
- Realisations expected to continue
- £150m-£200m p.a. guidance for new IC investments unchanged
- Highly selective given fragile economic environment and high valuations
- Well positioned to grow fund management franchise over the next 5 years
 - ICG Europe Fund V
 - Portfolio acquisitions/Consolidation of CLOs
 - Adjacent asset classes

Q&A

Appendix

Top Twenty Assets



Business	Country	Vs Last Year
Private clinic manager	France	↓
Business management software and outsourcing services	UK	↑
Electronic publisher of company information	Belgium	↑
Textile rental and cleaning	France	↑
Airport operator	UK	↑
Waste management solutions provider	UK	↓
Inspection, certification and technological services	Spain	↓
Elderly care homes	Sweden	↑
Speciality chemicals for the construction industry	France	↑
Private clinical and routine laboratories	France	↓
Credit Bureau	Australia	↓
Provider of correctional products and services	USA	↓
Patent & legal services	UK	↑
Supplier of fire protection systems and services	Germany	↑
Share registry and fund administration services	Australia	↑
Provider of services and technical solutions for utilities	Germany	↑
Diversified fund of senior loans	Europe	n/a
Tour operator	Spain	↓
Drug development and manufacturer	France	↑
Software solutions	Italy	↑
Home delivery of frozen foods	Germany	↓

Top Ten Equity Assets



Business	Country	Vs Last Year
Business management software and outsourcing services	UK	↑
Patent & legal services	UK	↑
Fixed satellite services	USA	→
Cable operator	Taiwan	↑
Software solutions	Italy	↑
Livestock identification systems	France	↑
Home delivery of frozen foods	Germany	↓
Frozen food manufacture and distribution	France	↑
Insurance and roadside assistance	UK	↑
Inspection, certification and technological services	Spain	↓

Top Ten PIK Assets



Business	Country	Vs Last Year
Airport operator	UK	↑
Private clinic manager	France	↓
Credit Bureau	Australia	↓
Business management software and outsourcing services	UK	↑
Share registry and fund administration services	Australia	↑
Share registry and corporate administration	USA	↑
Private clinical and routine laboratories	France	↓
Electronic publisher of company information	Belgium	↑
Security services	Italy	↑
Cinema owner and operator	Australia	↑