



Intermediate Capital Group PLC

Half Year Results

30 September 2011

Highlights



■ Operational highlights

- €1.1bn first closing of ICG Europe Fund V, including ICG's €500m co-investment
- £242m final close on Longbow UK mezzanine fund, including ICG's £50m commitment
- AUM of €12.0bn vs €11.8bn at 31/03/11
- Portfolio companies showing resilience, low provisions in H1 12

■ Financial highlights

- FMC Profit before tax: £17.1m vs £16.9m in H1 11
- IC Profit before tax*: £91.7m vs £88.2m in H1 11
- Group Profit before tax*: £108.8m vs £105.1m in H1 11
- Fair valuing equity investments leads to £101m uplift to reserves
- Interim dividend of 6 pence unchanged from last year

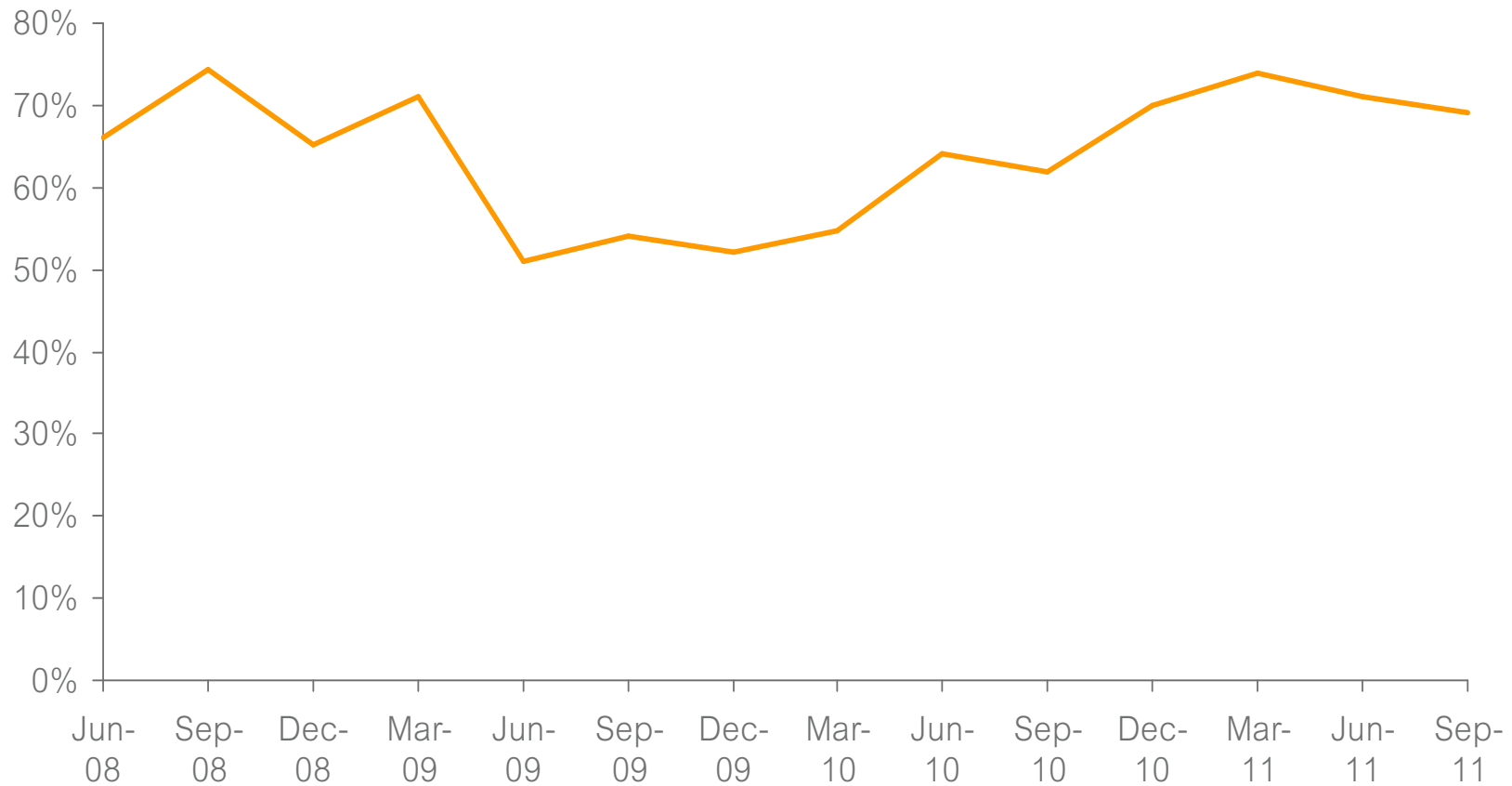
** Including £8.1m, positive impact of fair value movements on derivatives held for hedging purposes (H1 11: £8.5m)*

Portfolio Update

Investment portfolio Performance vs. prior year



Percentage of assets performing at or above prior year

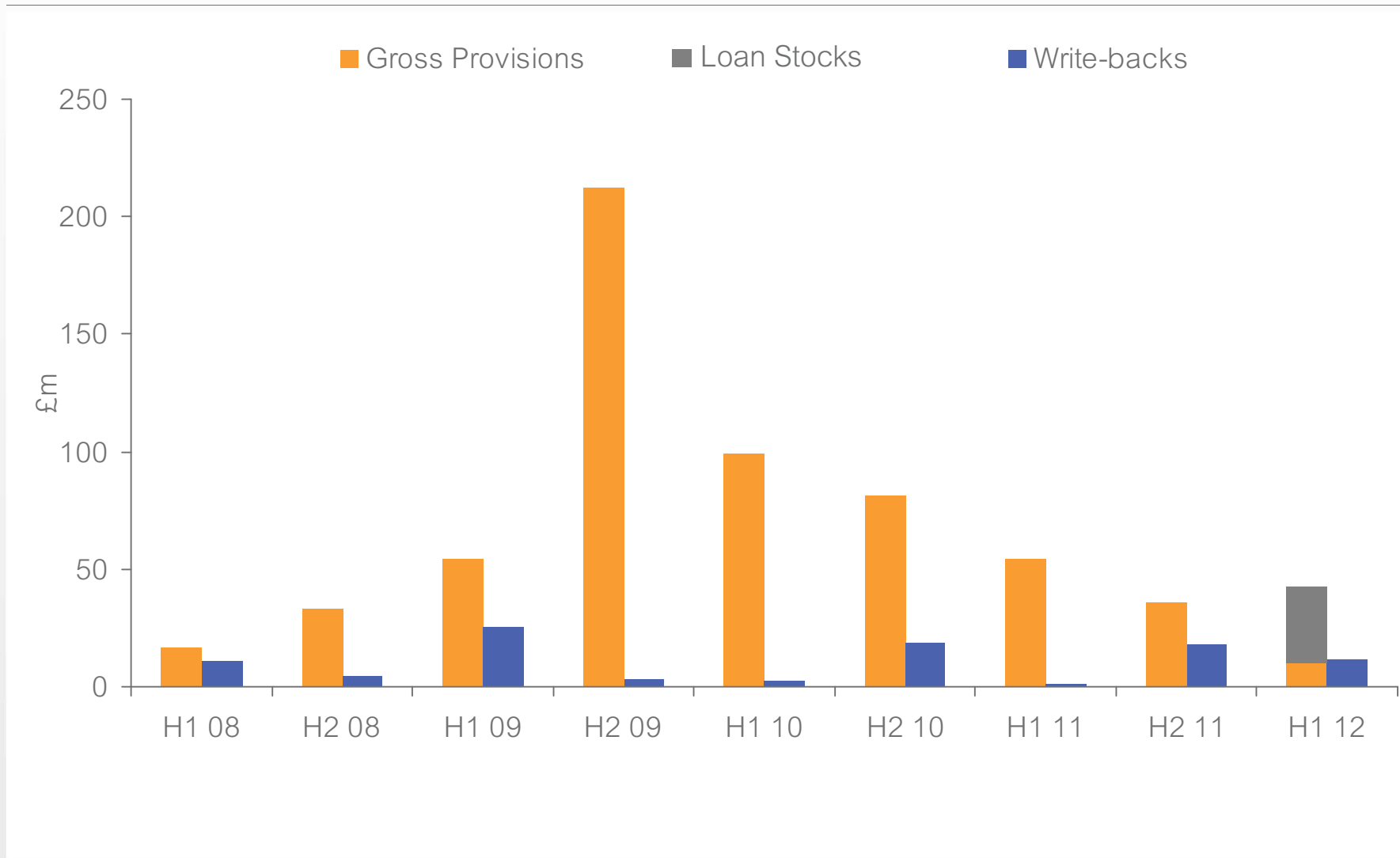


Top twenty assets



Business	Country	Vs Last Year
Private clinic manager	France	→
Textile rental and cleaning	France	↑
Inspection, certification and technological services	Spain	↑
Waste management solutions provider	UK	↑
Patent & legal services	UK	↑
Airport operator	UK	↑
Elderly care homes	Sweden	↑
Speciality chemicals for the construction industry	France	↑
Share registry and fund administration services	Australia	↑
Telephone networks	US	→
Supplier of fire protection systems and services	Germany	→
Home delivery of frozen foods	Germany	↑
PVC Flooring	France	↑
Cattle tagging	UK	↑
Drug development and manufacturer	France	↑
Diversified fund of senior loans	Europe	
Provider of services and technical solutions for utilities	Germany	↑
Auto Equipment	France	↓
Tour operator	Spain	↑
Leisure & entertainment	Germany	↑

Trend in Provisions for Portfolio Companies



Exits



- Slow down in exits due to market volatility and less liquidity to support new transactions
- Nine exits including BvD, Tegel, Au Bon Pain, Veda and Vships
- £188.5m of repayments
- £58.6m of realised PIK
- £10.1m of realised capital gains and £12.1m of unrealised gains on exits
- We expect realisation to slow down but we have a number of processes on track

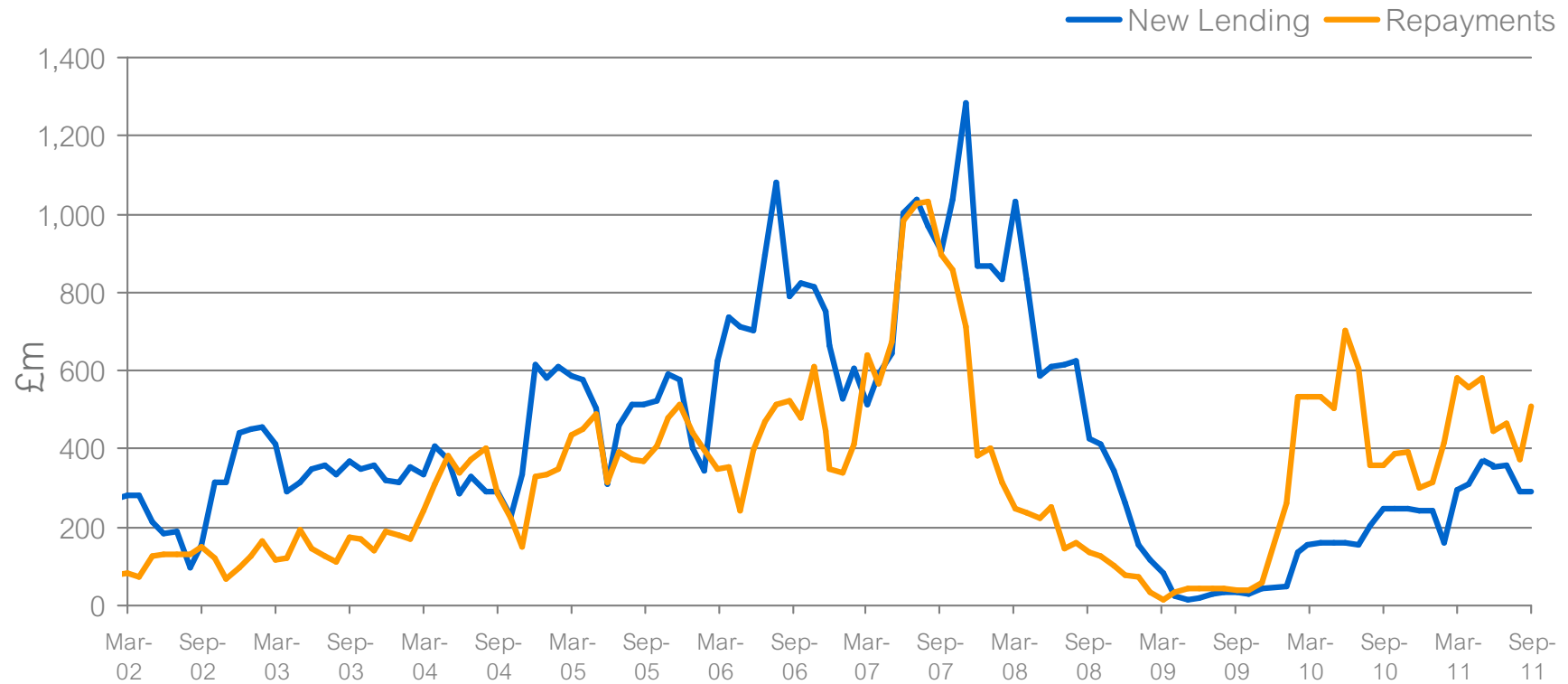
New Investments



- £136m of new investments
 - Reinvestment in Tegel and BvD
 - New investment in HMG and CNIG

- Cautious approach to investments given economic uncertainty

New Lending vs Repayments*



*6 months moving average

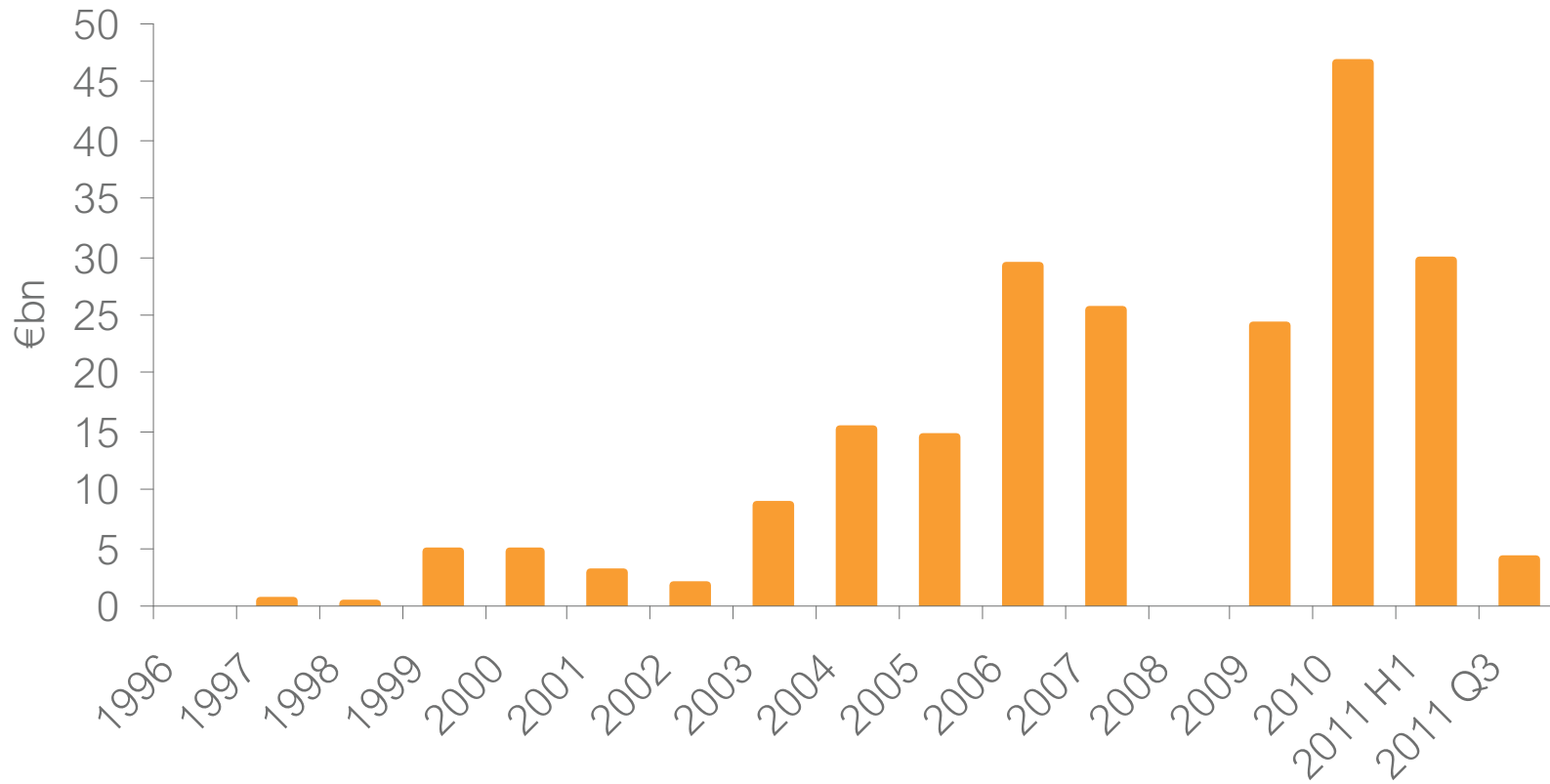
Market Update

LBO Market

Significant decrease in High Yield issuance in Q3



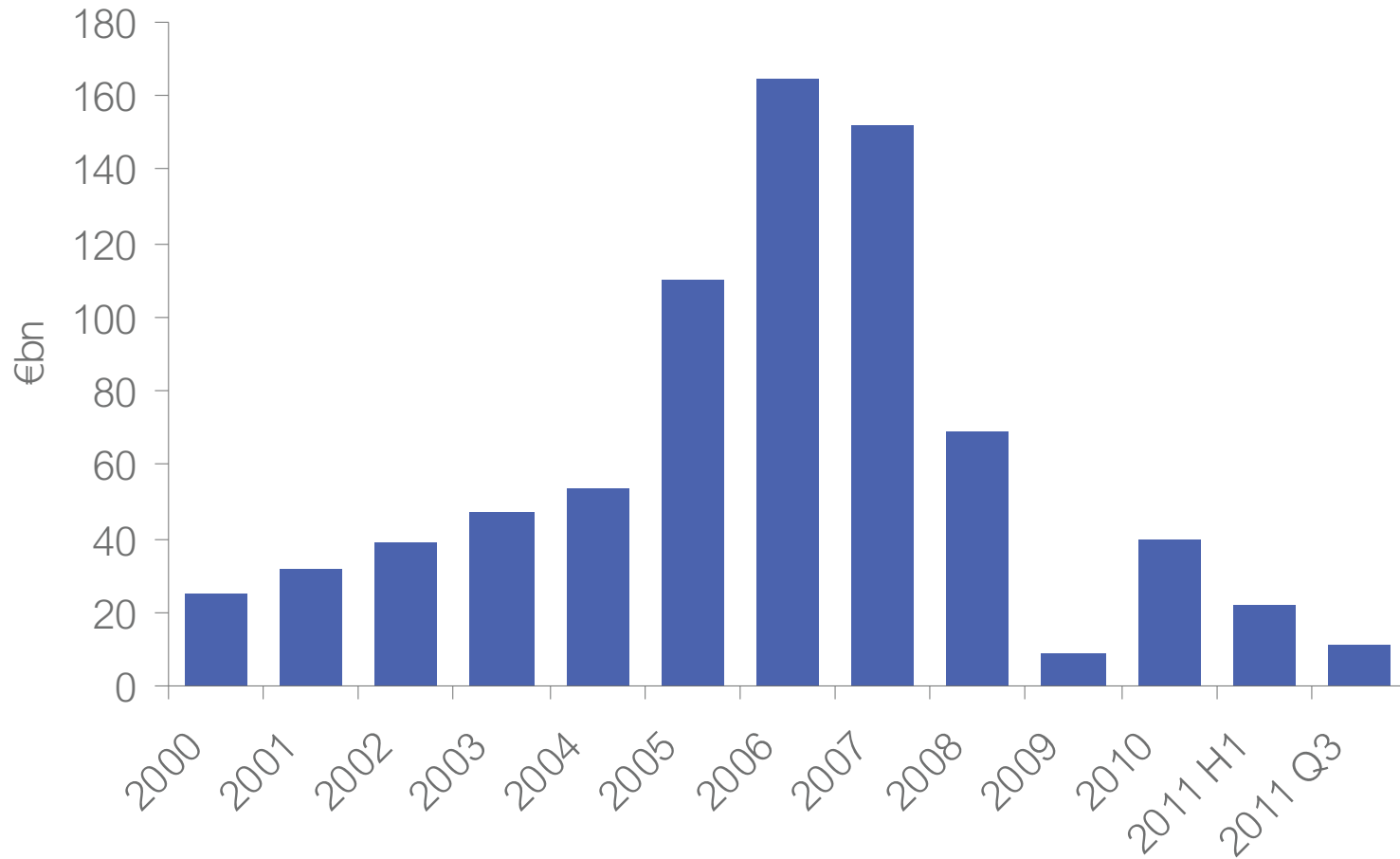
European High Yield Issuance



Source: S&P

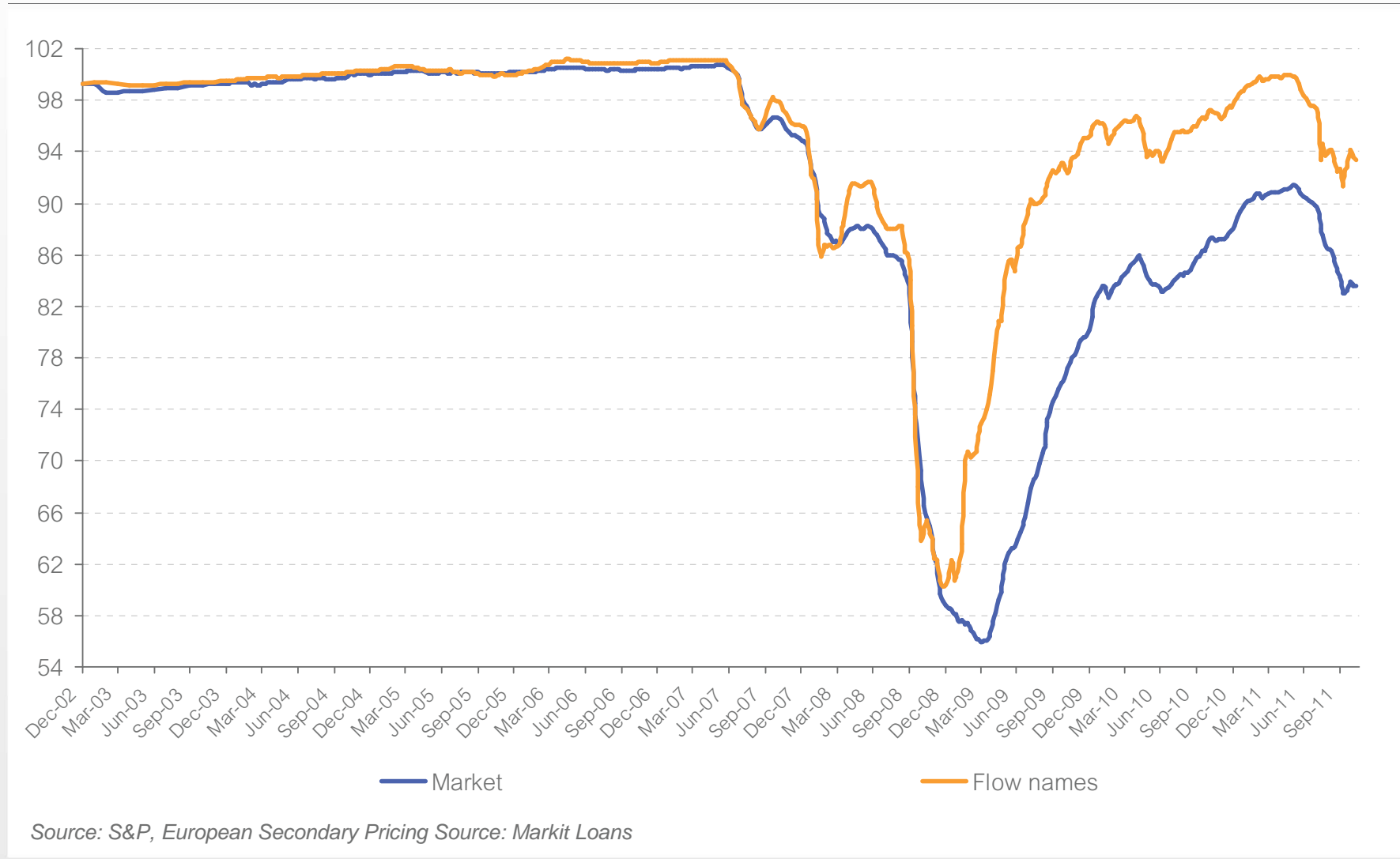
LBO Market

Slowdown in leveraged loans issuance expected in Q4



Source: S&P

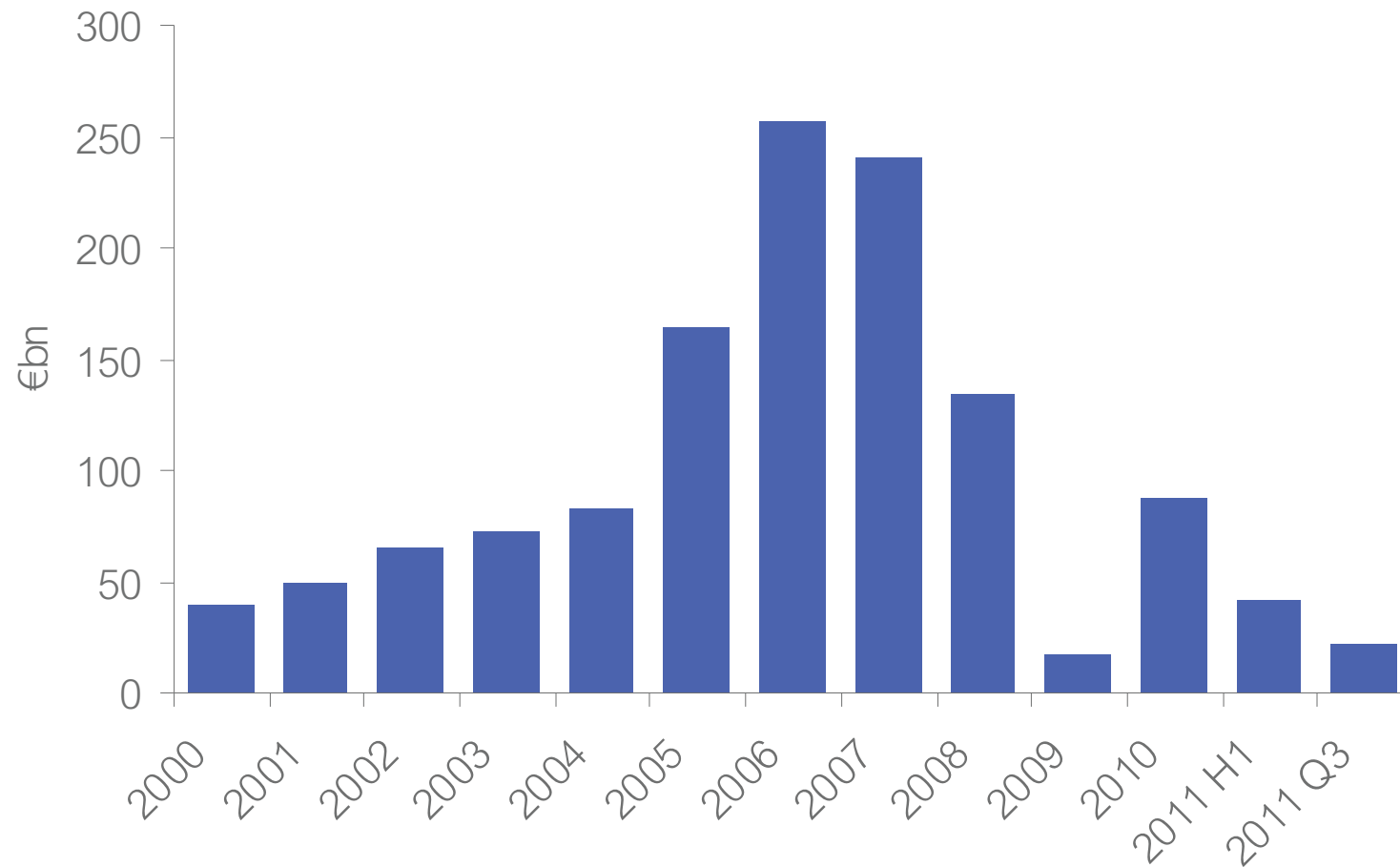
Price of loans attractive again



Source: S&P, European Secondary Pricing Source: Markit Loans

LBO Market

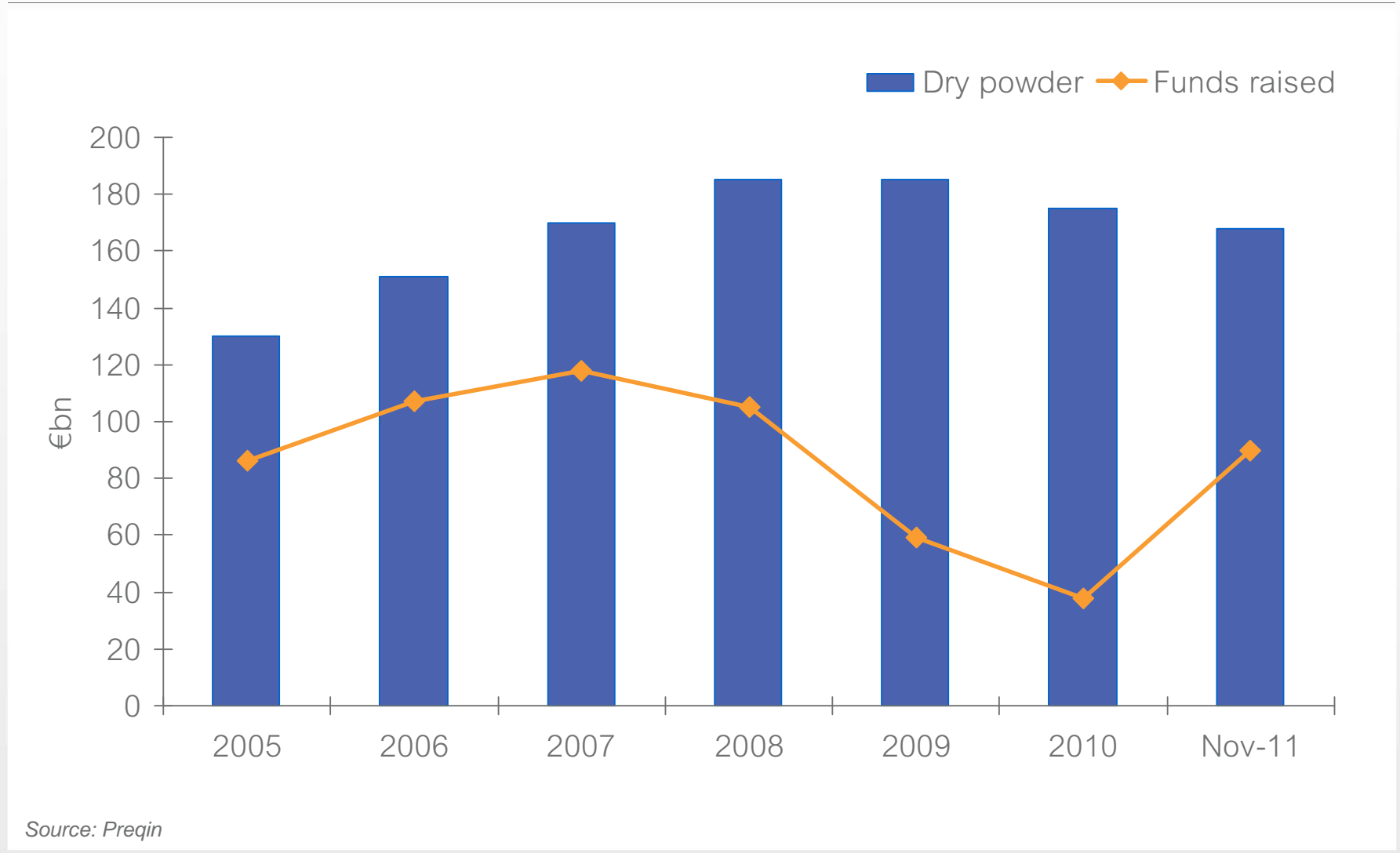
LBO Volumes



Source: S&P

LBO Market

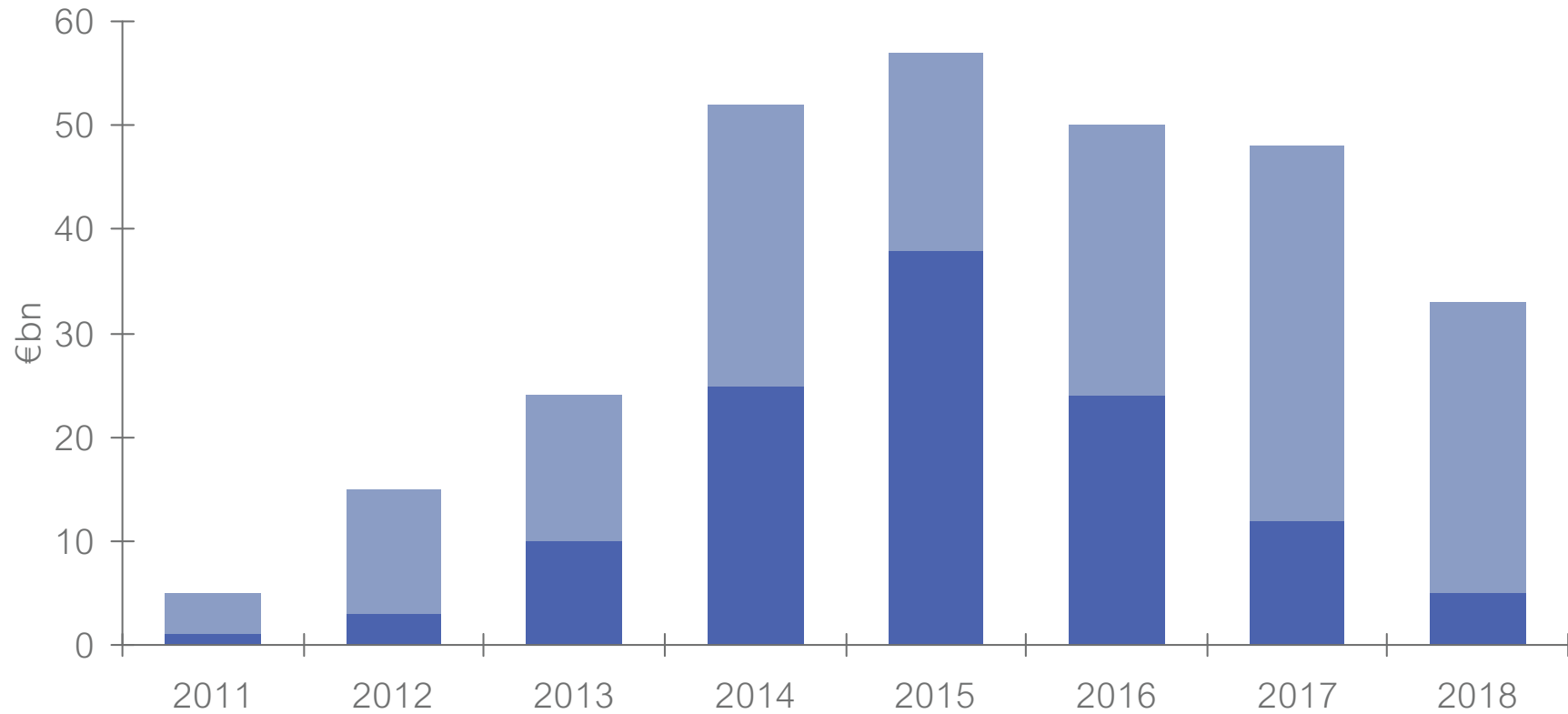
European Significant Private Equity dry powder remains



Source: Preqin

LBO Market

European leveraged loans and HY bonds maturity profile



European CLOs Total Funded Amount by End of Reinvestment Period ■ Leveraged Loan ■ High Yield Bonds

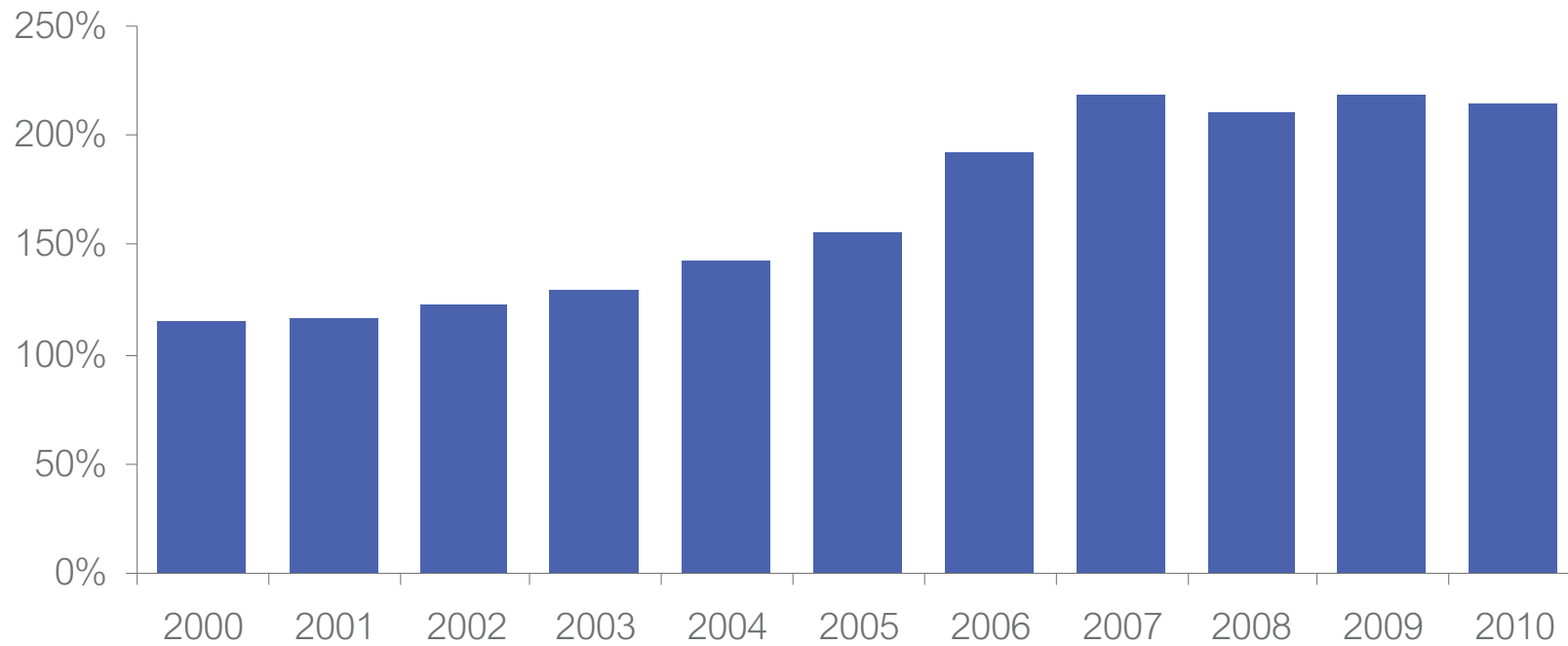
Source: JPMorgan Structured Finance Research, INTEX, S&P European Leveraged Loan Index (ELLI), Barclays Capital for HY bonds, as of July 2011

LBO Market

European banks need to degear



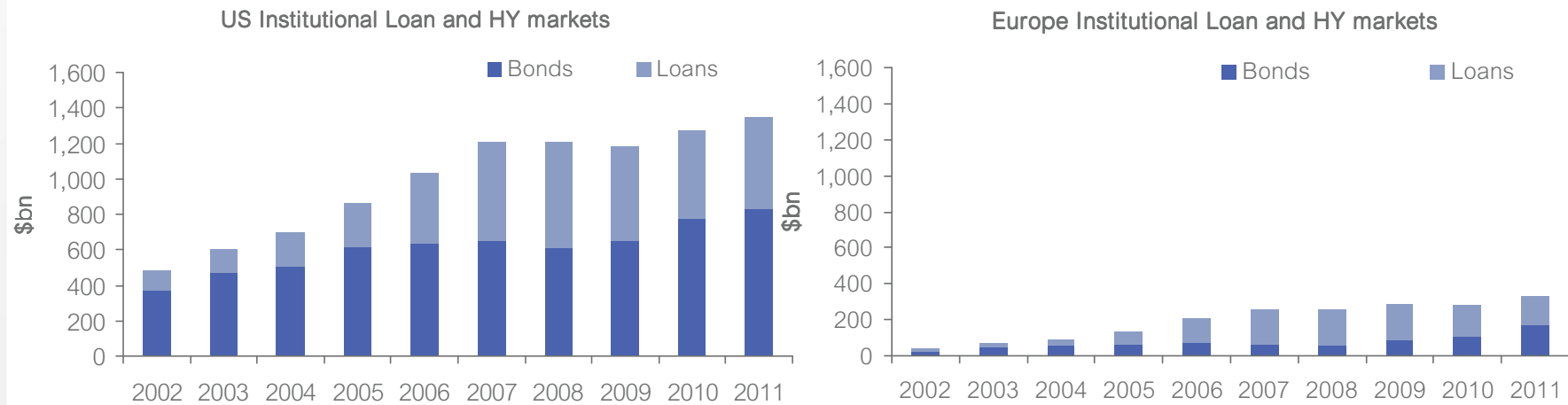
Total European Bank Assets / GDP



Source: S&P

LBO Market

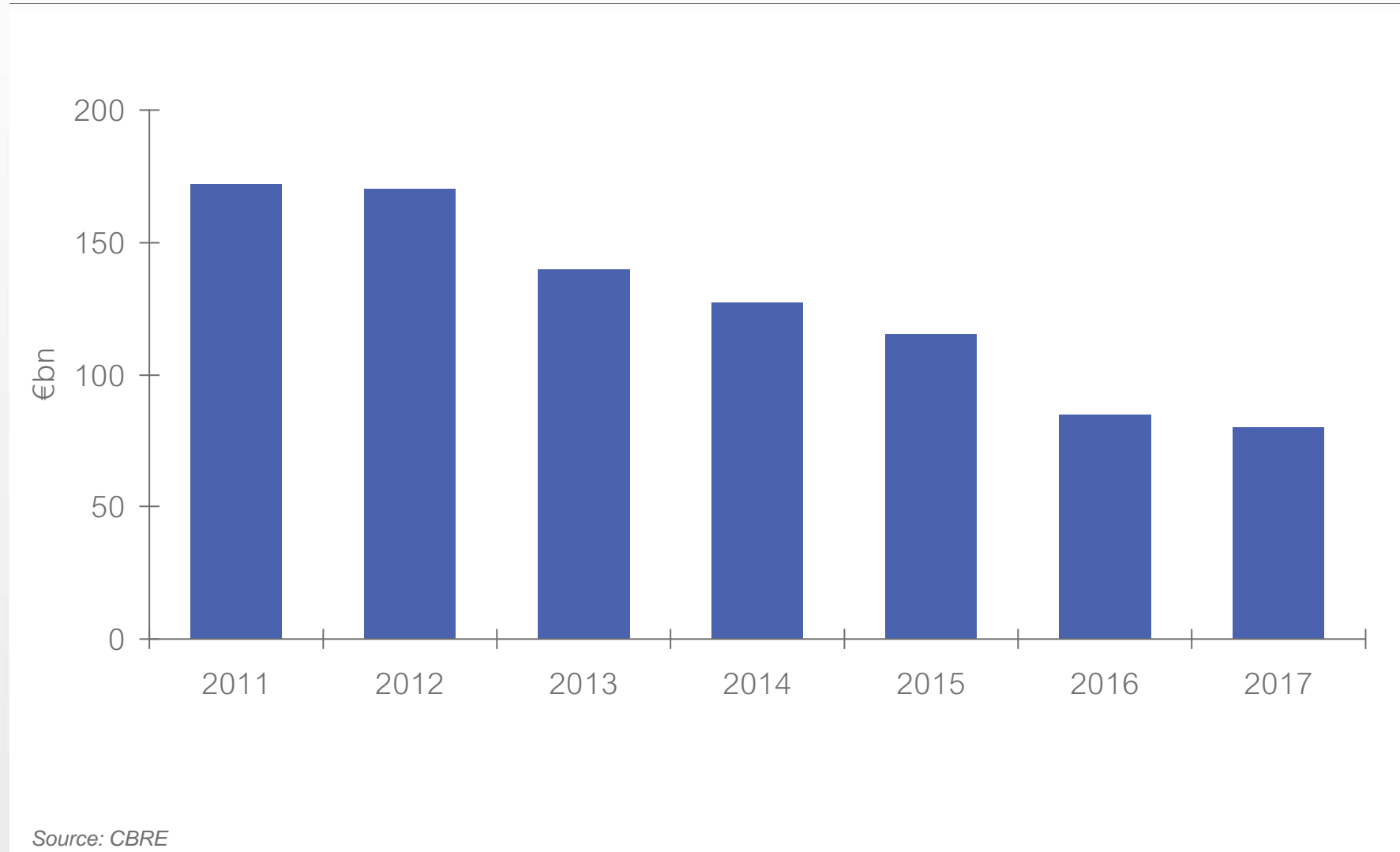
Institutional Loan and HY markets, Europe vs US



Source: S&P LCD, Deutsche Bank

Commercial Real Estate Market

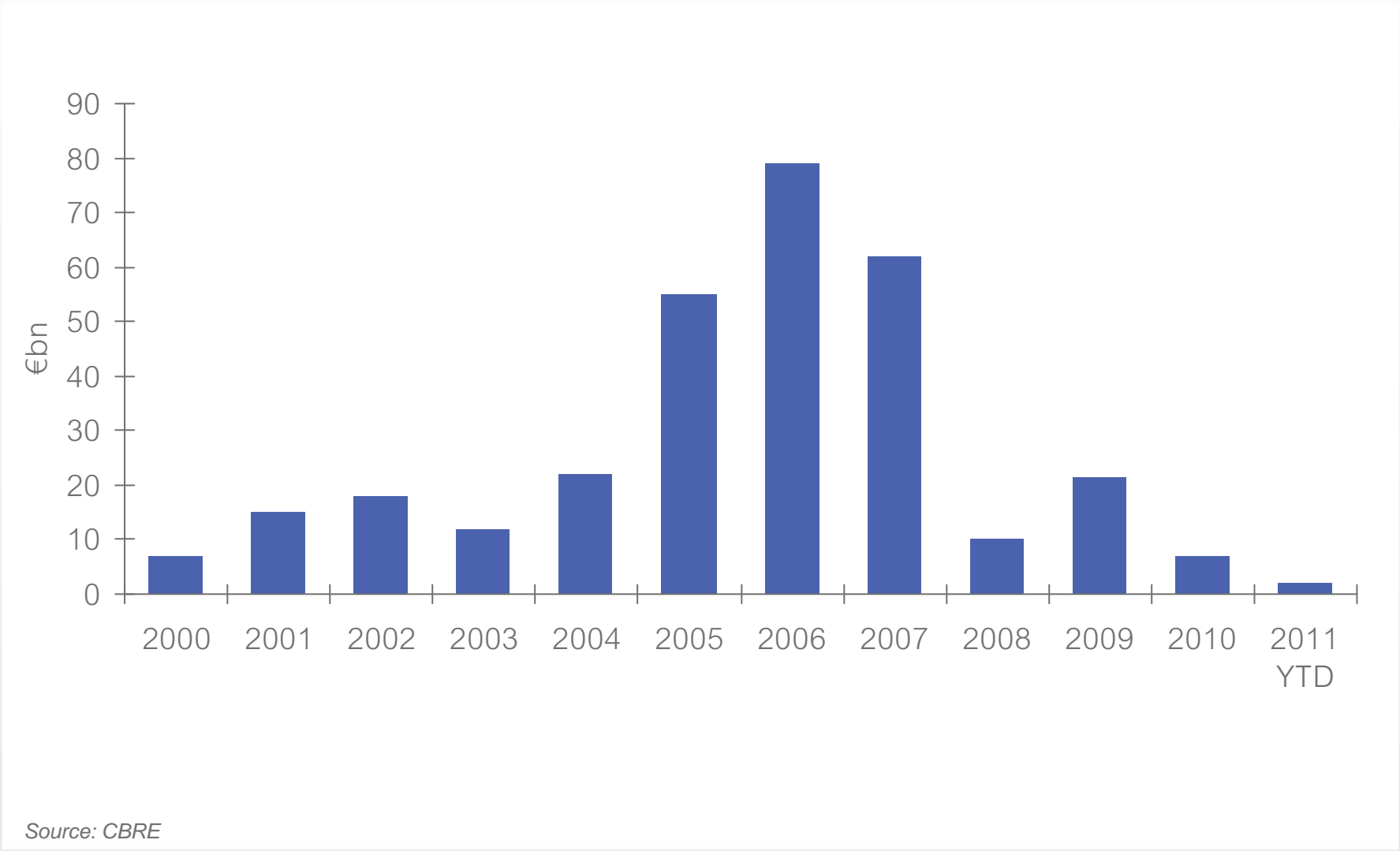
European Commercial Real Estate debt maturity profile



Source: CBRE

Commercial Real Estate Market

European CMBS issuance



Source: CBRE

Fund Management

Fund management priorities unchanged since year end



- Sales team

- Grow core business
 - Mezzanine (ICG Europe V, then US and Asia III)
 - Credit Funds (High Yield and European senior debt)

- Develop new opportunities
 - Real Estate mezzanine and debt

Fund V



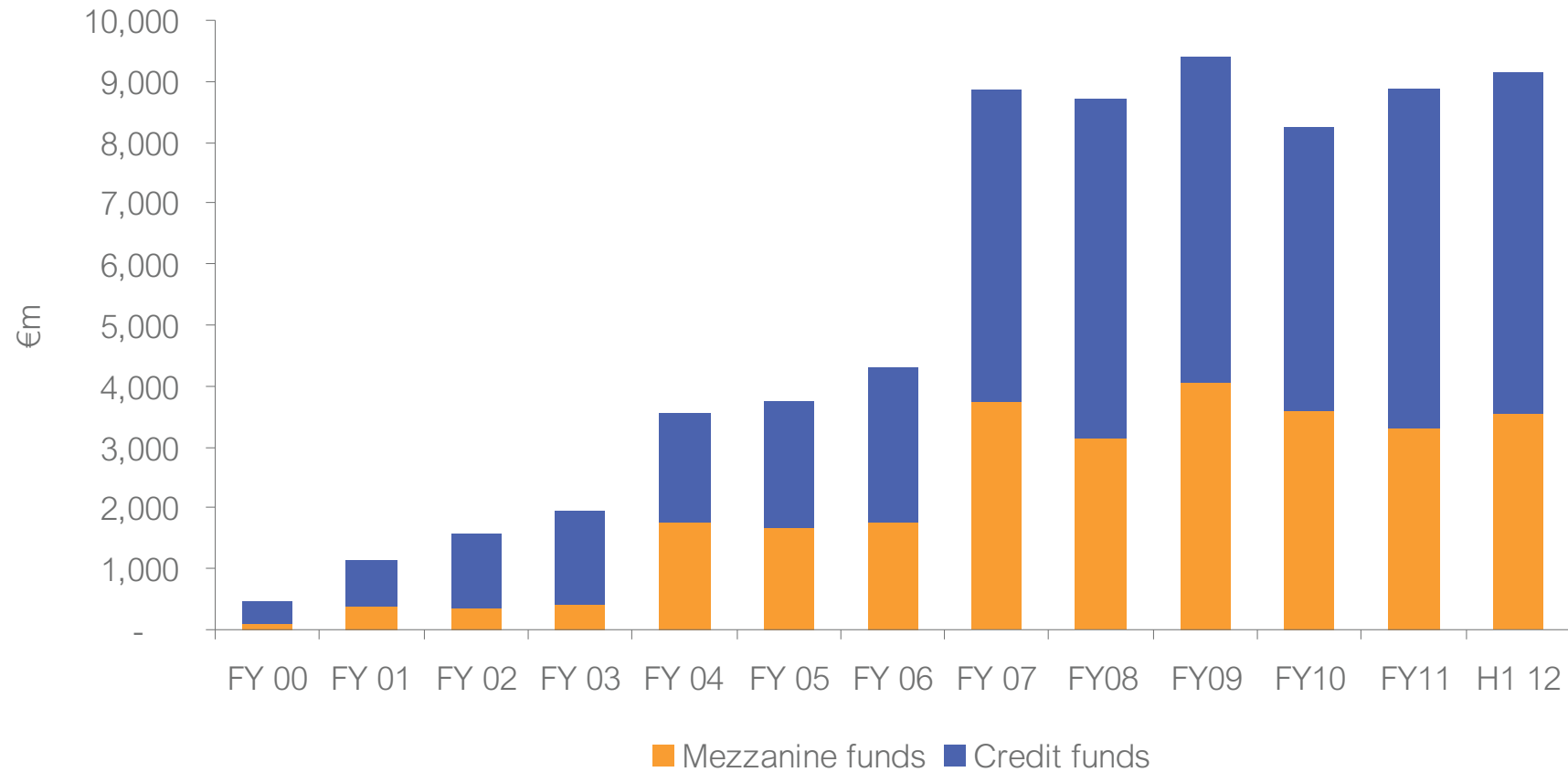
- €1.1bn first closing of ICG Europe Fund V, including ICG's €500m co-investment, in September
- Significant achievement in difficult fundraising market
- 15 investors
 - existing and new
 - diversity, by investor type and geography, shows broad appeal
- Good progress towards €2bn target
- First investment in BvD in September

Longbow



- £242m final close on Longbow UK mezzanine fund, including ICG's £50m commitment, ahead of £200m target
- ICG platform instrumental in fundraising success
- Fund is 25% invested and seeing increased dealflow
- Markets dynamics favourable
- Strong growth potential

Third party funds under management



Note: ICG financial year ends 31st March.

Financial Review

Financial Highlights



- Pre-tax profit* of £108.8m vs £105.1m in H1 11
 - FMC Profit before tax: £17.1m vs £16.9m in H1 11
 - IC Profit before tax*: £91.7m vs £88.2m in H1 11

- Third Party AUM of €9,165m vs €9,036m at 31/03/11

- Investment portfolio £2,414m vs £2,424m at 31/03/11

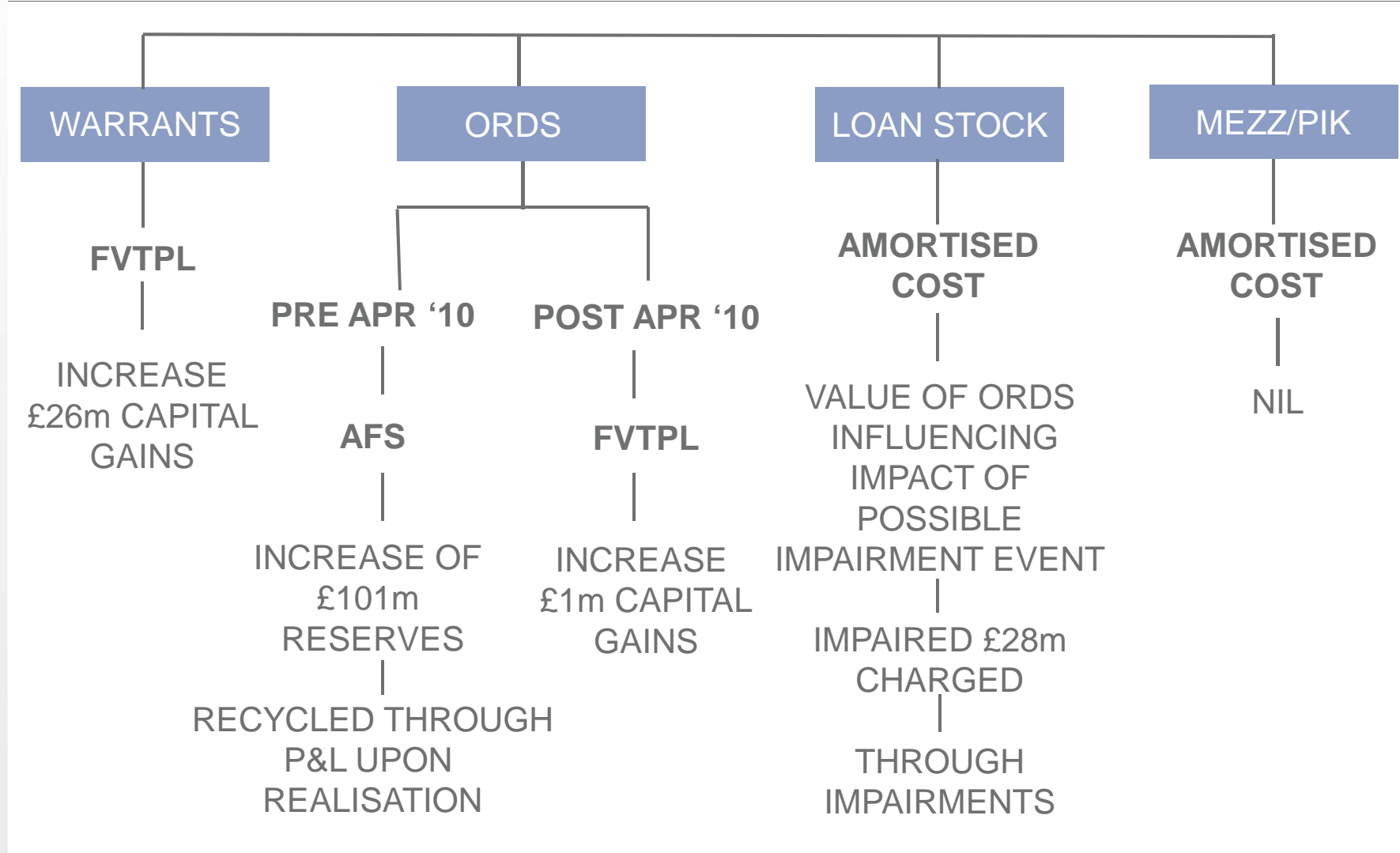
- £117m of debt extension and additional £75m debt facility from new lender; Balance sheet headroom of c. £615m**

- Cash Core Income of £63.3m vs £43.8m in H1 11; Interim dividend of 6p unchanged from last year

**Including £8.1m positive impact of fair value movements on derivatives held for hedging purposes; H1 11: 8.5m*

*** Adjusted for signed exits where proceeds have not been received in cash and a £75m new debt line*

Impact of Fair Value Accounting



Segmental reporting



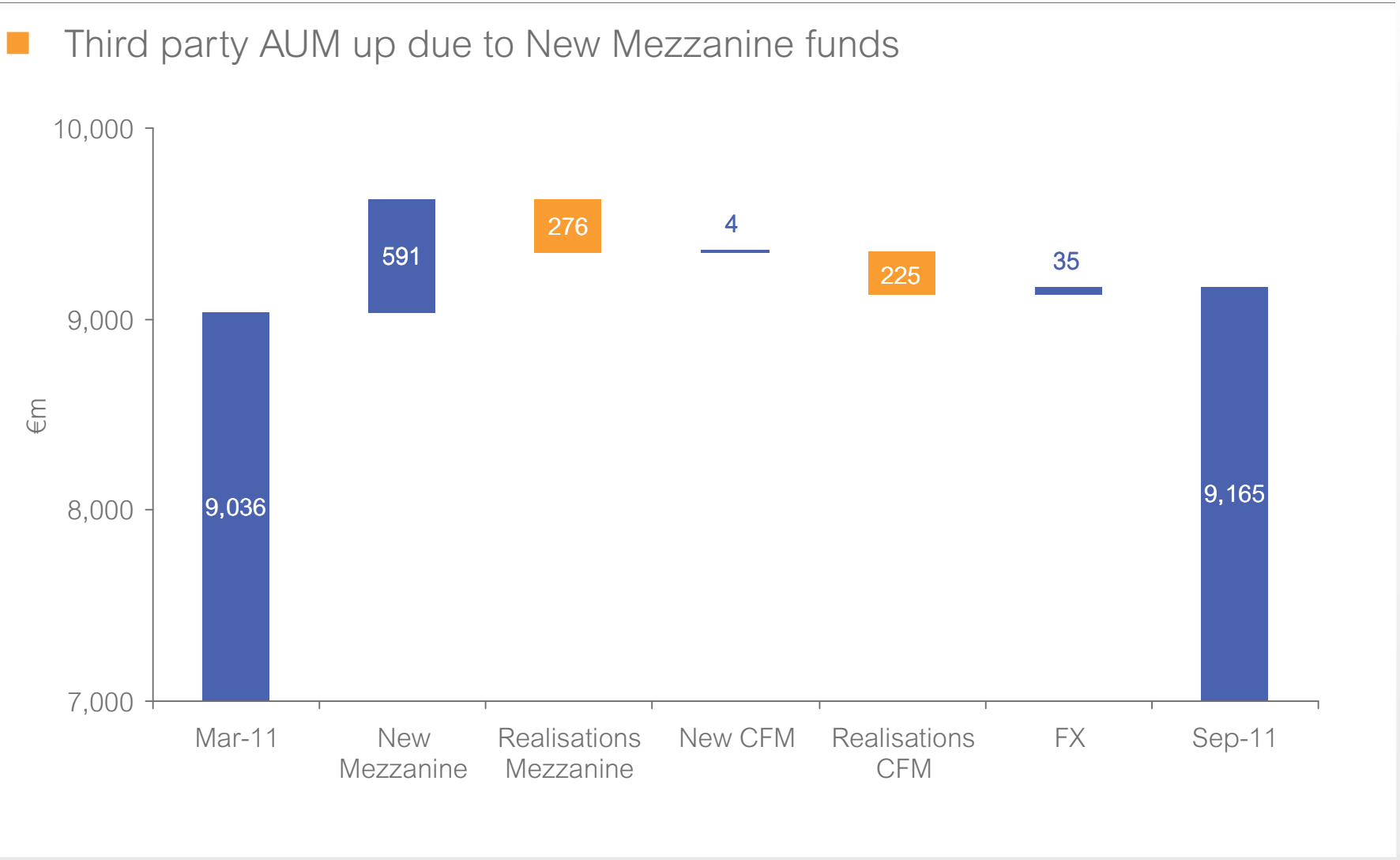
	£m	H1 12	H2 11	H1 11
Fund Management Company	Fee income	42.9	42.7	39.1
	Other income	2.2	3.0	1.1
	Admin expenses	(28.0)	(26.7)	(23.3)
	FM Profit	17.1	19.0	16.9
Investment Company	Net Interest Income	98.5	84.8	95.0
	Div & other income	2.1	9.6	1.4
	Admin expenses	(26.2)	(34.0)	(33.0)
	Impairments	(28.4)	(17.8)	(53.1)
	Net capital gains	37.6	31.9	69.4
	IC Profit*	83.6	74.5	79.7
	FVM derivatives	8.1	(12.3)	8.5
Group	Profit before tax	108.8	81.2	105.1

* Excluding FMV Derivatives

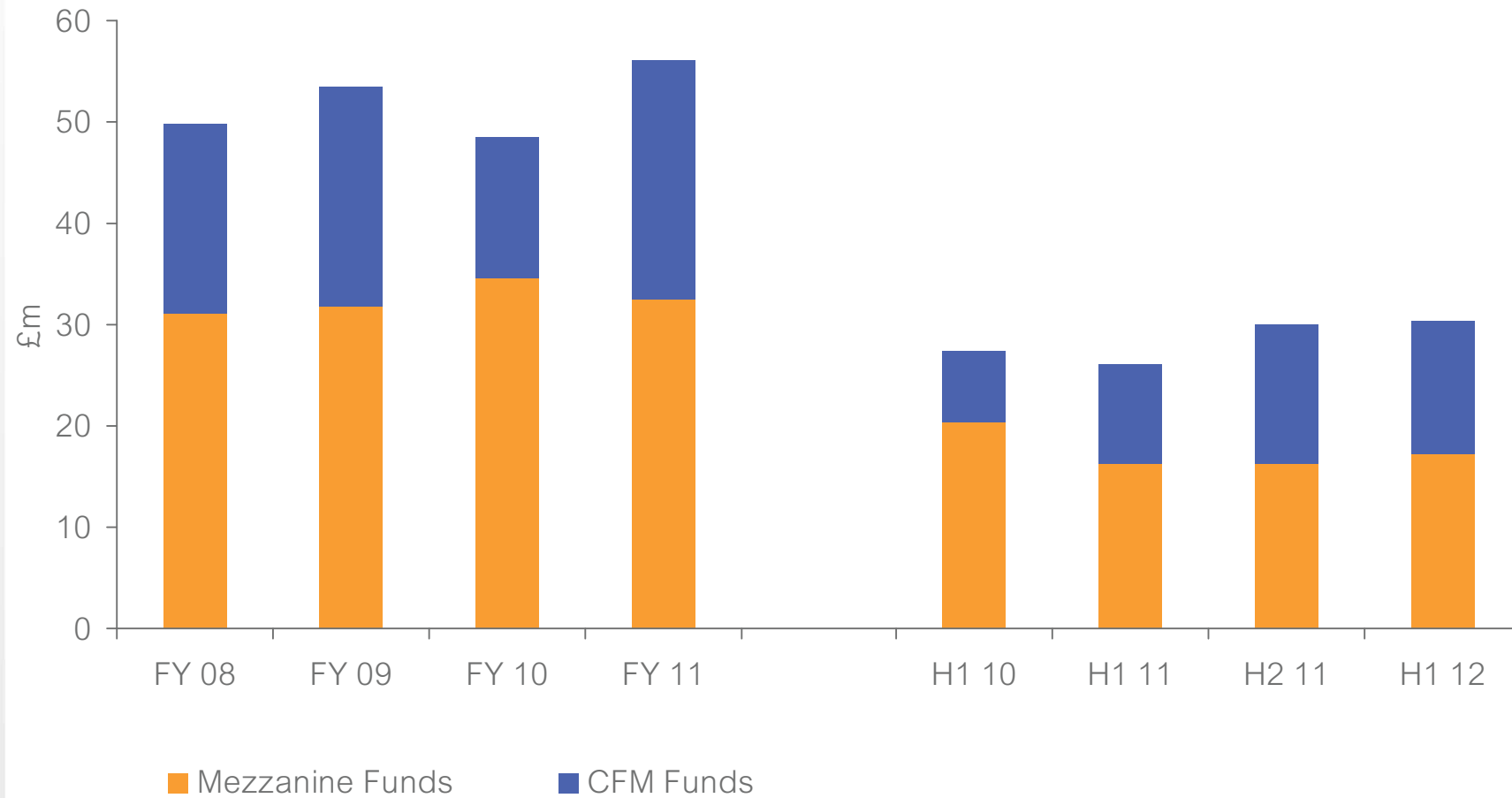
Third party AUM



■ Third party AUM up due to New Mezzanine funds



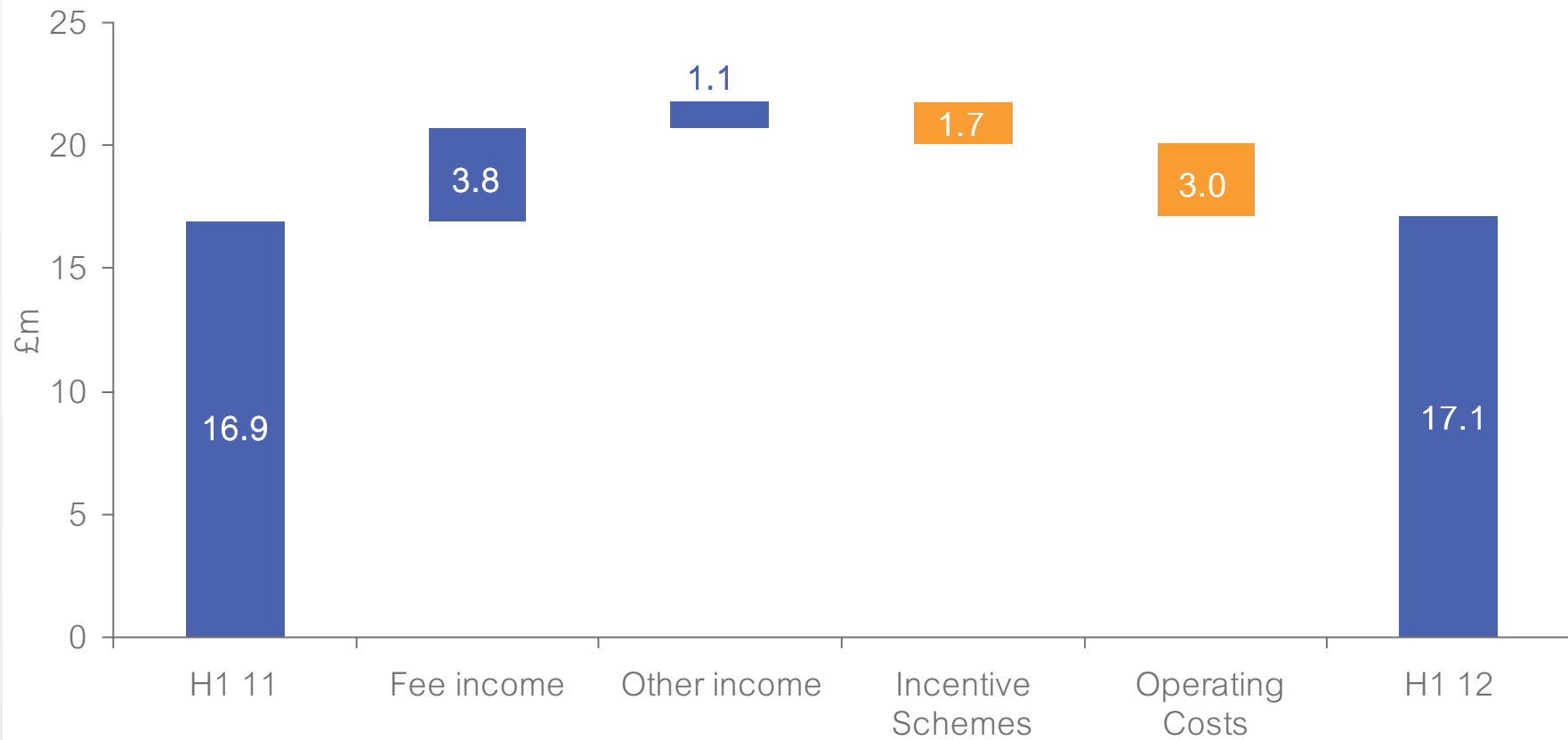
Third Party Fee Income



Fund Management Company



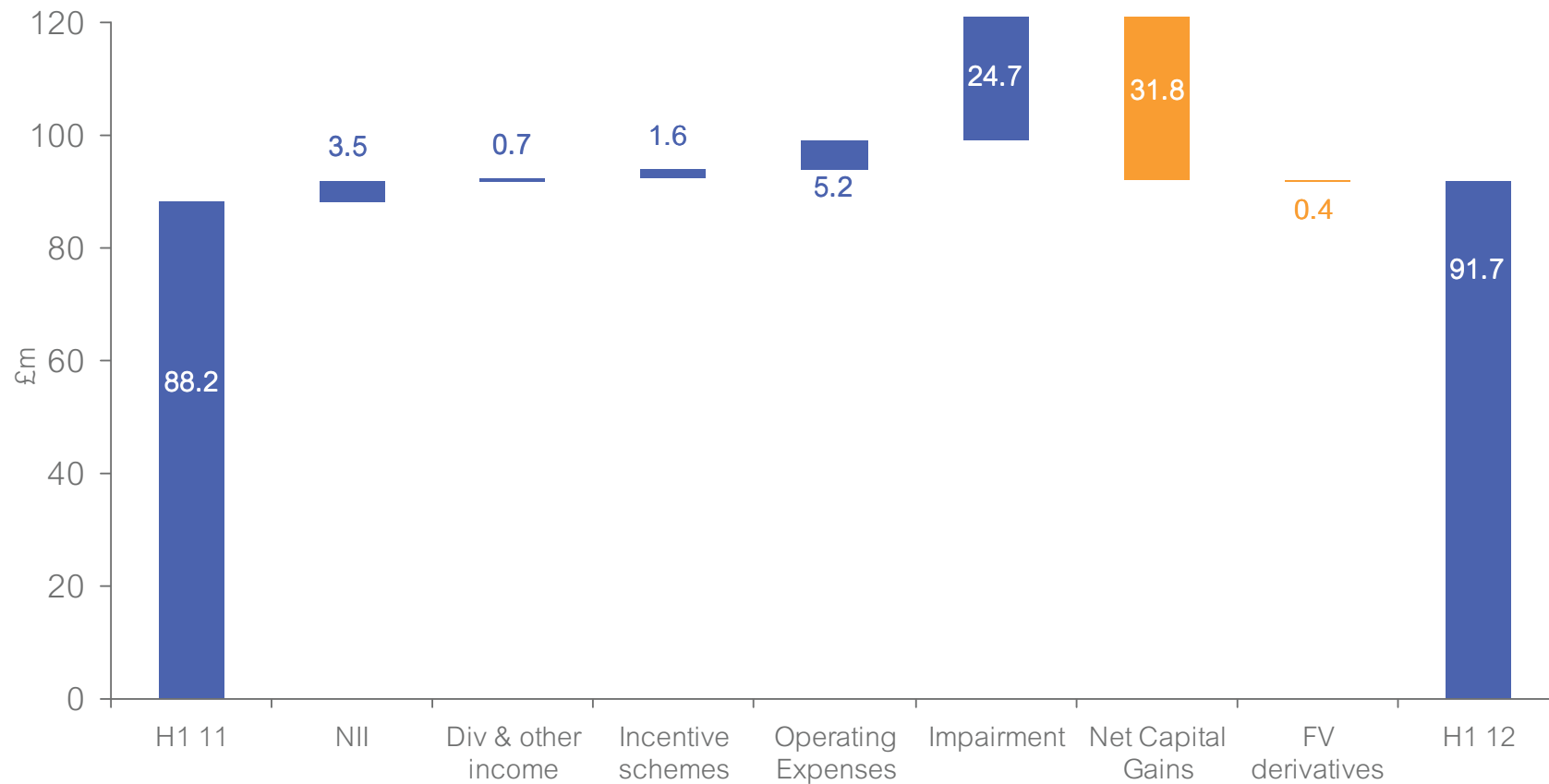
■ Profit before tax of £17.1m due to higher fee income



Investment Company



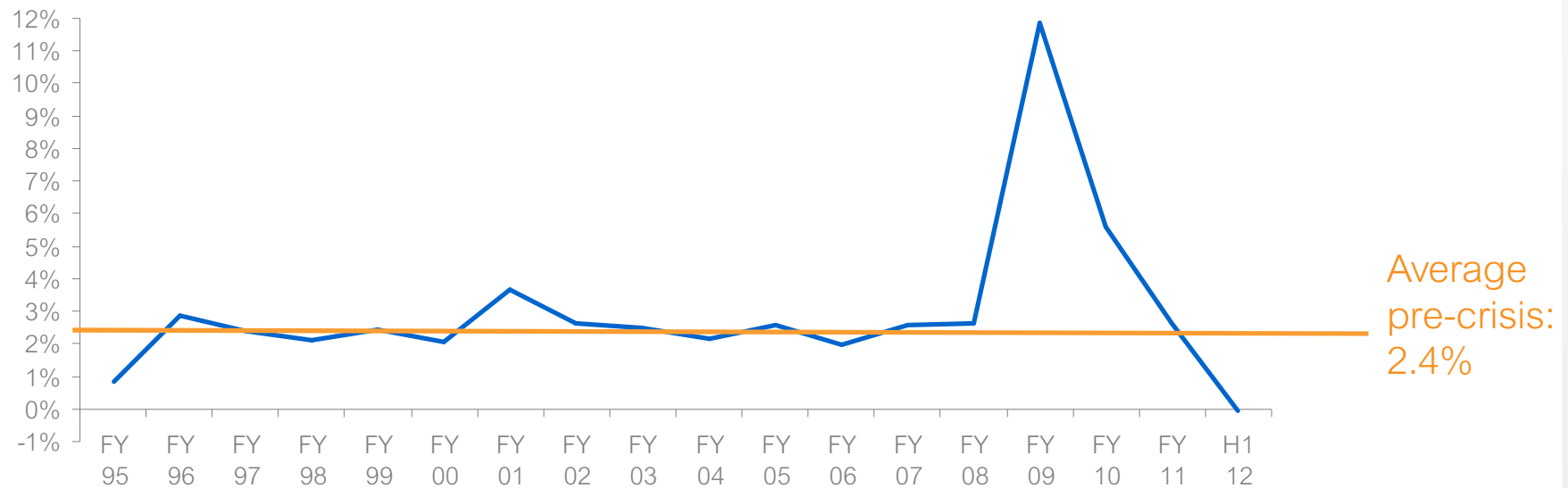
■ Profit before tax and fair value adjustments at £91.7m



Long terms provisions



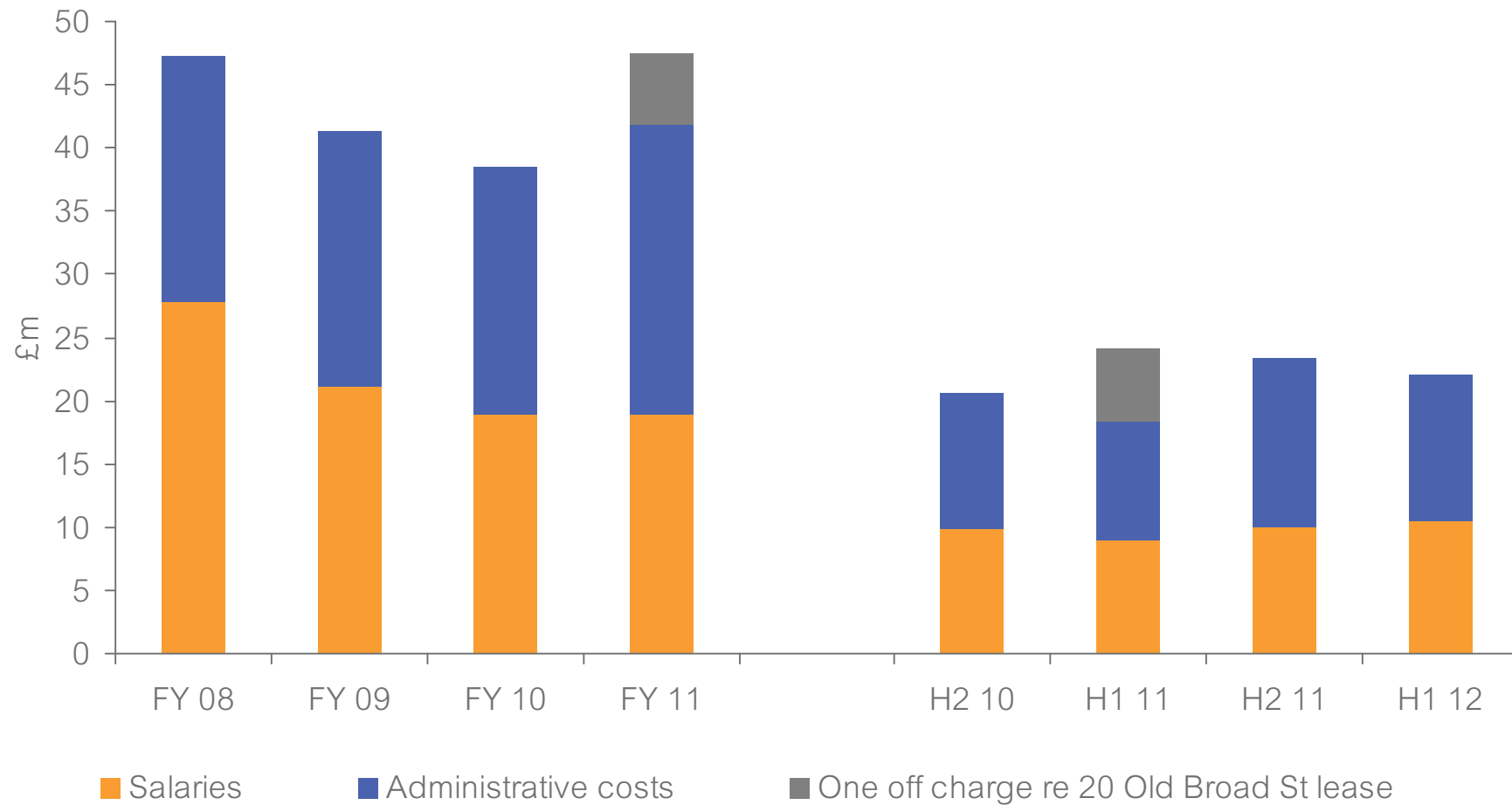
- Net provisions (as a % of opening book) at very low levels excluding provision relating to loan stock



Operating costs (Excluding incentive schemes)



■ Operating costs broadly flat



Incentive Schemes Excluding MTIS on gains (1)



	FY 12		FY 11	
£m	H1 12	H2 11	H1 11	
FY10 Awards	2.1	5.8	3.8	
FY11 Awards	4.0	5.4	5.5	
FY 12 Accruals	7.2			
Total	13.3	11.2	9.3	
	H1 12	H2 11	H1 11	
Old Schemes	6.3	10.6	12.7	
Total	19.6	21.8	22.0	

Incentive Schemes Excluding MTIS on gains (2)



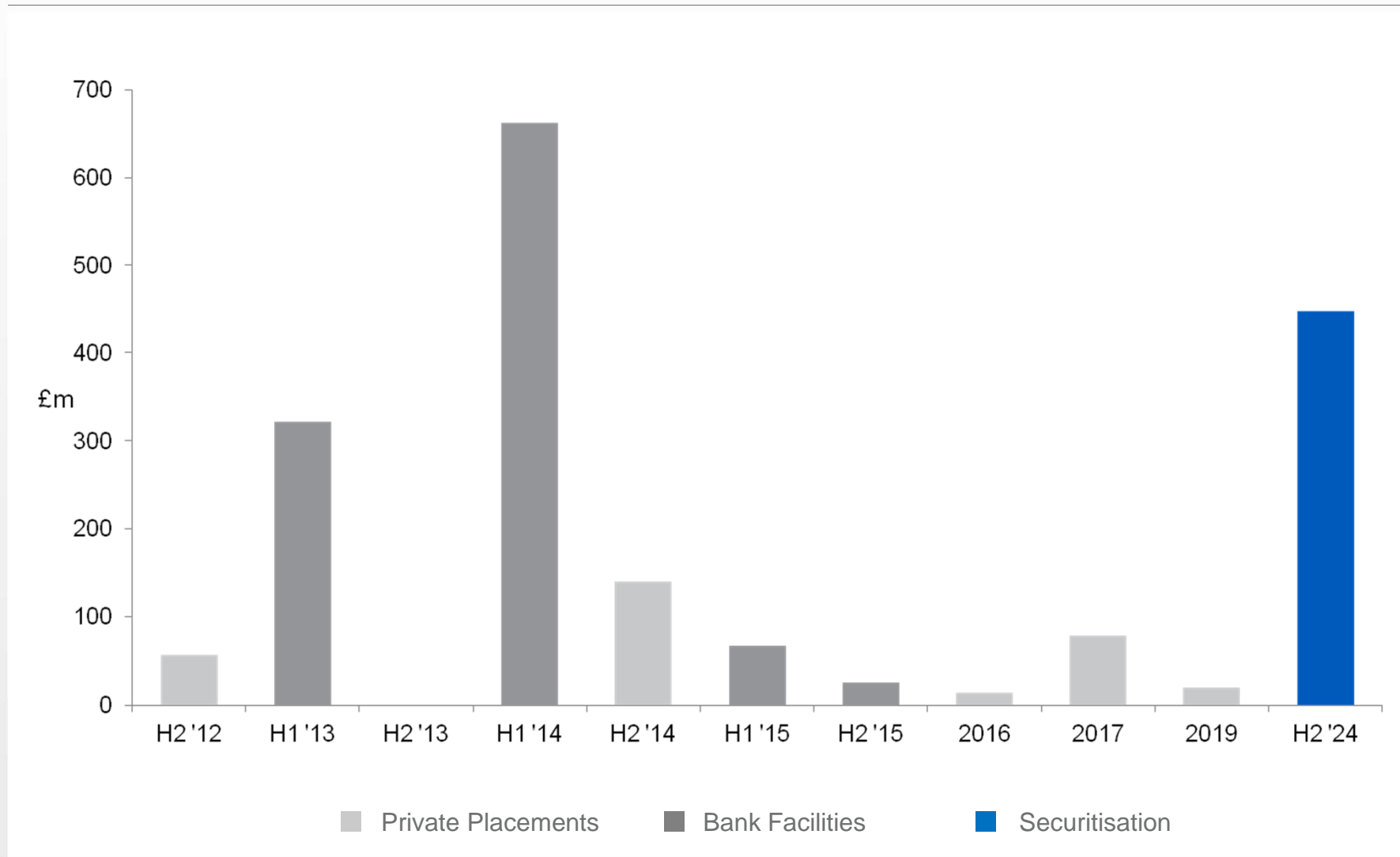
	Group	Segmental	
£m	H1 12	FM Co	Inv Co
FY10 Awards	2.1	1.6	0.5
FY11 Awards	4.0	3.5	0.5
FY 12 Accruals	7.2	4.0	3.2
Total	13.3	9.1	4.2
	H1 12	FM Co	Inv Co
Old Schemes*	6.3		6.3

Balance Sheet



	30 Sept 2011 £m	31 March 2011 £m
Loans & Investments	2,545	2,575
Net current assets (liabilities)	122	(76)
	2,667	2,499
Shareholders' Funds	1,366	1,251
Borrowings	1,301	1,248
	2,667	2,499
Annualised ROE	13.0%	10.8%
Gearing Ratio	95%	100%
Debt Facilities	1,767	2,033
Headroom	615	785

Debt maturity profile



Cash Flow Analysis



£m	H1 12	FY 11	FY 10
Operating cash flow	45.4	132.8	90.6
Cash flow relating to Capital Gains	(25.2)	146.6	79.3
Repayments & recoveries	161.0	368.6	217.3
Tax & others	(41.4)	(5.1)	(14.5)
Free Cash flow	139.8	642.9	372.7
New investments	83.2	315.9	98.2
Dividend	46.4	40.6	37.8
Net debt reduction	10.2	286.4	236.7
Cash Core Income	63.3	106.7	115.1

Financial outlook



- Fund Management
 - New funds will drive fee income
- IC
 - Reduced visibility in current environment
 - Realisation expected to slowdown but some processes ongoing
 - Resilient NII
 - Additional new investments but remain unpredictable
 - Provisions could potentially increase from H1 12, but we have in excess of £500m of provisions on balance sheet

Conclusion

Appendix

Top ten equity assets



Business	Country	Vs Last Year
Patent & legal services	UK	↑
Fixed satellite services	USA	↑
Livestock identification systems	France	↑
Home delivery of frozen foods	Germany	↑
PVC Flooring	France	↑
Share registry and fund administration services	Australia	↑
Software solutions	Italy	↑
Utilities	Netherlands	↑
Inspection, certification and technological services	Spain	↑
Business services	Belgium	↑

Top ten PIK assets



Business	Country	Vs Last Year
Airport operator	UK	↑
Private clinic manager	France	→
Share registry and fund administration services	Australia	↑
Security services	Italy	↑
Credit Bureau	Australia	→
Cinema owner and operator	Australia	↓
Catering Services	UK	↑
Drug development and manufacturer	France	↑
Elderly care homes	Sweden	↑
Restaurants	UK	↑

Valuation of equity



- Adopted Fair Value methodology for equity investments
- Only applies to warrants and unlisted shares
 - AFS assets via Available For Sale reserves
 - FVTPL (warrants, recent equity) via P&L
- Loan stocks held at amortised cost; fair value impacts P&L through impairments
- Neutral impact on profit before tax
 - Unrealised Capital gains of £27.4m on FVTPL
 - Provision of £28.0m on loans stocks
 - Tax benefit on provisions, unrealised capital gains untaxed
- £100.6m uplift to reserves on equity investments (AFS assets)
- Equity book is now valued at £698m
 - £398m of unlisted shares and warrants; £65m FVTPL; £333m AFS
 - £300m of loan stocks/shareholder loans

Accounting treatment going forward (1/2)

AFS & FVTPL



- AFS
 - Primarily equity assets in transactions pre March 2010
 - Until March 2014
 - will go through P&L via capital gains line when realised
 - In the meantime, movements in value will go through reserves
 - After March 2014
 - “frozen in reserves”
 - Impairments via reserves

- FVTPL
 - Primarily equity assets in transactions from March 2010 onwards and warrants
 - All movement in value through capital gains line

- Valuation Methodology
 - As part of the Quarterly Portfolio Review
 - Based on multiples of listed comparators as (at end of February, May, August and November) and relevant profit measure (EBITDA for most)

Fair Value Accounting

Top AFS and FVTPL assets



■ AFS assets

Company	Business	Country	Value at 30/09/2011
CPA	Patent & legal services	UK	£60.7m
Intelsat	Fixed satellite services	USA	£59.2m
Allflex	Livestock identification systems	UK	£47.9m
AAS Link	Share registry and fund administration services	Australia	£19.9m
Menissez	Bread Manufacturing	France	£15.2m
Elior	Catering	France	£13.9m
Eismann	Home delivery of frozen foods	Germany	£12.5m
Lecta	Printing	Italy	£10.8m

■ FVTPL assets

Company	Business	Country	Value at 30/09/2011
Gerflor	PVC flooring	France	£12.4m
Baxter Storey	Catering	UK	£9.6m
Link/AAS	Share registry and fund administration services	Australia	£9.5 m
CPA	Patent & legal services	UK	£7.2m

Accounting treatment going forward (2/2)

Loan Stock



- Valuation methodology unchanged
- Valued on amortised cost using the effective interest method
- However, when current value of corresponding equity is nil, we believe we should take a closer look at loan stock value, potentially leading to impairments

Company	Business	Country	Value at 30/09/2011
Van Gansewinkel	Utilities	Netherlands	£21.2m
Eismann	Home delivery of frozen foods	Germany	£21.0m
TeamSystem	Software solutions	Italy	£19.8m
Gerflor	PVC Flooring	France	£19.5m
Applus+	Inspection, certification and technological services	Spain	£18.6m
BvD	Financial Information	Belgium	£16.0m
TDF	Broadcasting infrastructure	France	£12.6m
Attendo	Care homes	Sweden	£10.8m

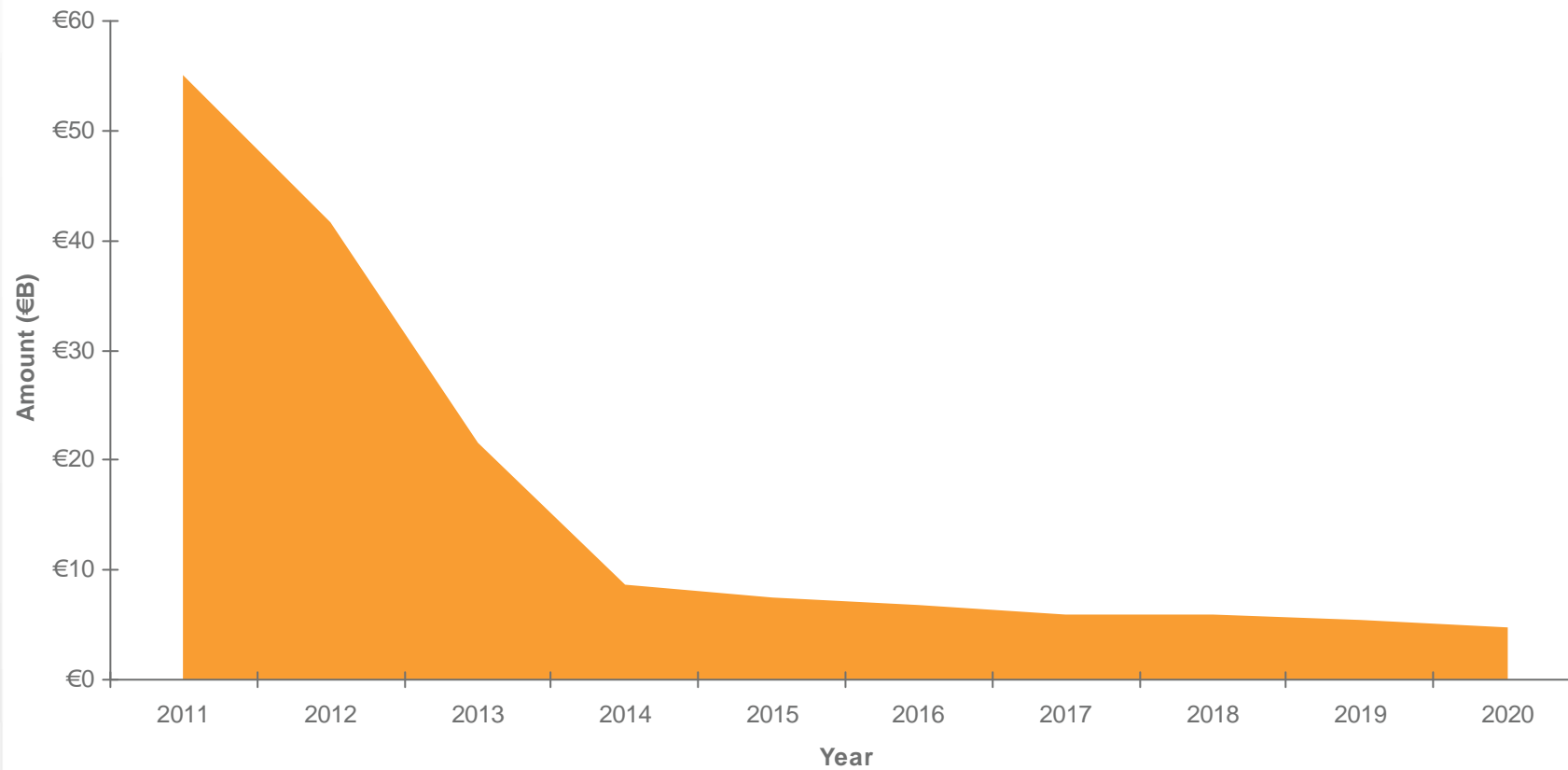
- Capital Gains
 - Realised capital gains during the period
 - Unrealised capital gains on exits signed during the period but not yet completed
 - Fair value increase on unrealised equity investments
 - Fair value decrease on unrealised equity investments

- Impairments
 - Impairments relating to loan stock will be flagged

- Valuation
 - Top 10 equity investments
 - Large AFS, FVTPL & Loan Stock assets

LBO Market

European CLOs - amount within reinvestment period



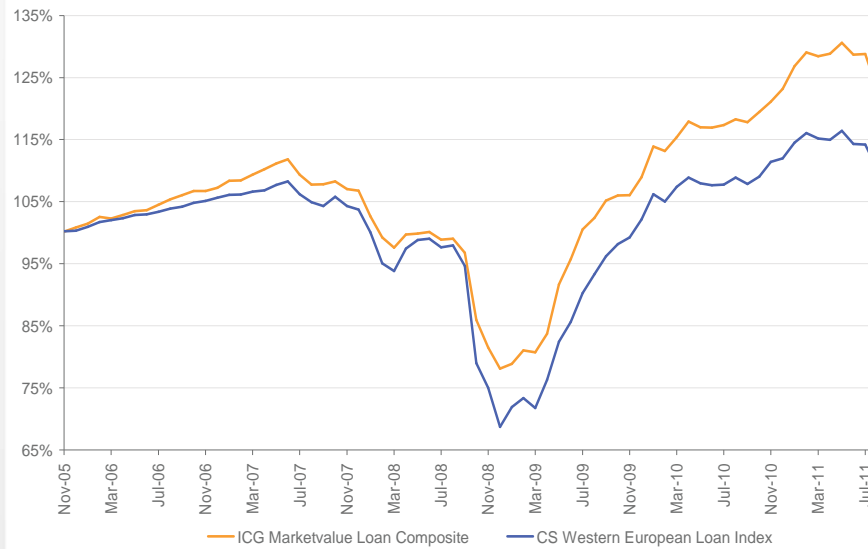
Source: JPMorgan Structured Finance Research, INTEX,

Credit Fund Management performance

Leveraged loans

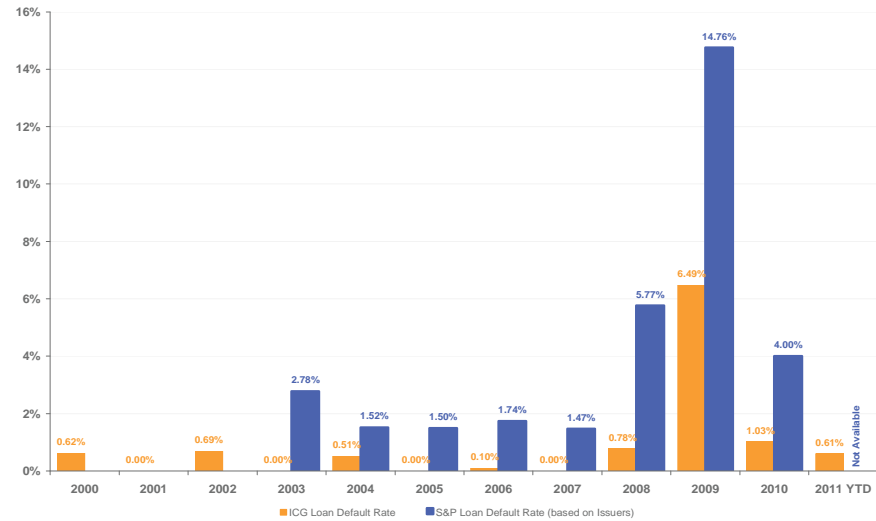


ICG Senior Secured Loan Performance*
vs.
Credit Suisse Western European Loan Index



Source: ICG per 30 September 2011

ICG Loan Default Rate
vs.
S&P Speculative Grade* Default Rate



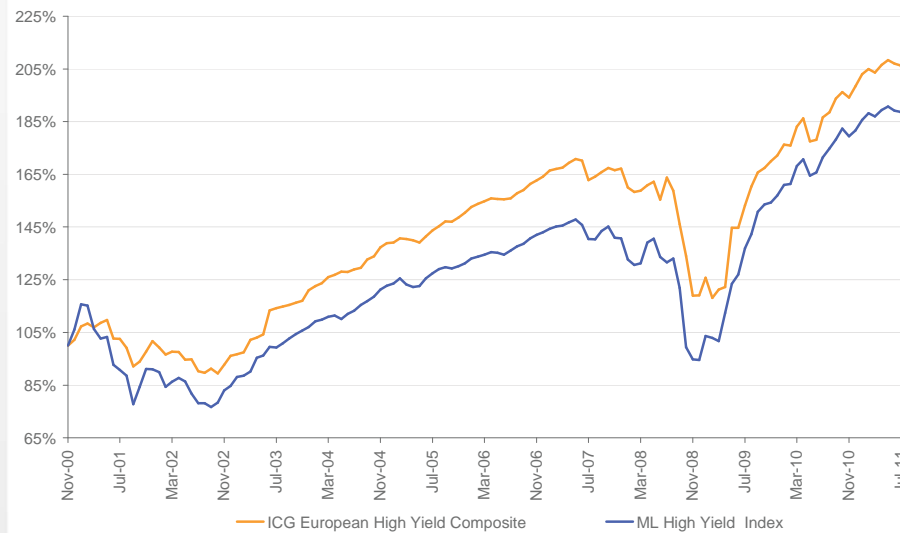
Source: ICG, S&P, 30 September 2011

* Composite of all discretionary market value funds managed by ICG

Credit Fund Management performance High Yield

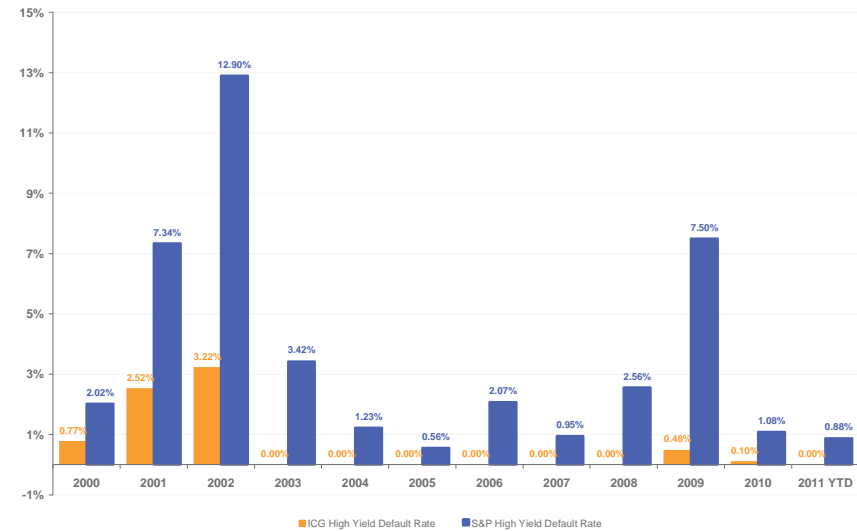


ICG High Yield Composite*
VS.
Merrill Lynch High Yield Index (HEAG)



Source: ICG per 30 September 2011

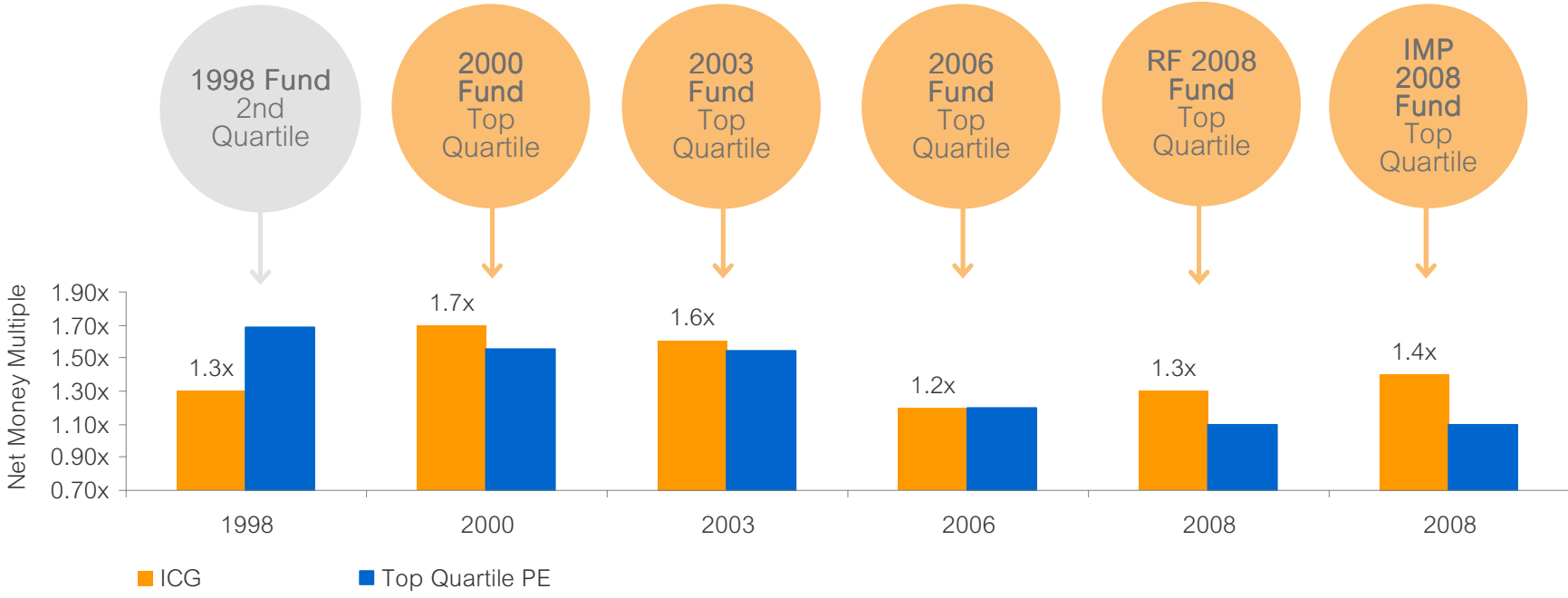
ICG High Yield Default Rate
VS.
S&P High Yield Default Rate



Source: ICG, S&P, 30 September 2011

* Represents high yield assets managed across all relevant funds

Top quartile Private Equity performance



Net Money Multiple

Source: ICG/Venture Economics/ThompsonOne as of 30 June 2011

Mezzanine and Growth Capital Funds

Fee structure



Funds in investment period

Fund	Size	Equity	End of investment period	% Invested	Main fee
ICG V	TBC	TBC	Sept -2016	-	1.5% on committed equity
ICAP 08	\$0.6bn	\$0.6bn	April-2013	35%	1.5% on committed equity
RF08	€1.16bn	€0.64bn	Oct-2012	77%	1.5% on invested

Funds in realisation

Fund	Size	Equity	End of investment period	% Invested	Main fee	Carry
EF06	€1.75bn	€1.25bn	Mar-2011	92%	1.25% on invested	20 % of 20 over 8
IMP08	€0.13bn	€0.13bn	Feb-2010	84%	1.5% on invested	20 % of 20 over 8
EF03	€1.42bn	€0.67bn	Sep-2006	100%	1.5% on invested	28% of 20 over 8
ICAP 05	\$0.3bn	\$0.3bn	Apr-2008	91%	2.0% on invested	25 % of 20 over 8

ICG Mezzanine Fund 2003

Highlights



		Levered
Summary	Capital Invested	€1.34bn 100%
	Investments	80
Portfolio	Invested Capital	€1.67bn
	Assets	59
Exits	Cost Invested	€1.38bn
	Money Multiples/IRR	1.5x / 18%
	Distribution	€828.1m
	Gross IRR	14%
Performance	Money Multiple	1.4x
	Average Life	50 months
	Net IRR	15%
	Net MM	1.6x

Source: ICG, as at 30 September 2011

ICG European Fund 2006

Highlights



Summary	Capital Invested	€1.75bn 92%
Portfolio	Investments Invested Capital	47 €1.6bn
Exits	Assets Cost Invested Money Multiples/ IRR LP Distribution	6 €253m 1.7x / 23% €46m
Performance	Gross IRR Gross Money Multiple Average Life Net IRR Net MM	11% 1.3x 38 months 8% 1.3x

Source: ICG, as at 30 September 2011

ICG Recovery Fund 2008

Highlights



Summary	Capital Invested	€1.16bn 77%
Portfolio	Investments Invested Capital	6 €886m
Exits	Assets Value Invested Money Multiples/IRR Distribution	1 €4.3m 3.6x/66% €0
Performance	Gross IRR Money Multiples Average Life Net IRR Net MM	17% 1.3x 19 months 11% 1.2x

Source: ICG, as at 30 September 2011

ICG Minority Partners Fund 2008

Highlights



Summary	Capital Invested	€132m 84%
Portfolio	Investments Invested Capital	4 €121m
Exits	Assets Value Invested Money Multiples/IRR Distribution	1 €40m 2.1x / 55% €72m
Performance	Gross IRR Money Multiples Average Life Net IRR Net MM	29% 1.6x 26 months 21% 1.5x

Source: ICG, as at 30 September 2011

Intermediate Capital Asia Pacific Mezzanine Fund 2005 Highlights



Summary	Capital Invested	\$300m 91%
Portfolio	Investments Invested Capital	8 \$277m
Exits	Assets Value Invested Money Multiples/IRR Distribution	4 \$131m 1.3x / 15% \$162m
Performance	Gross IRR Money Multiples Average Life Net IRR Net MM	13% 1.4x 43 months 11% 1.4x

Source: ICG, as at 30 September 2011

Intermediate Capital Asia Pacific Fund 2008 Highlights



Summary	Capital Invested	\$600m 35%
Portfolio	Investments Invested Capital	5 \$224m
Exits	Assets Value Invested Money Multiples/IRR Distribution	1 \$21.7m 1.4x / 16% \$74m
Performance	Gross IRR Money Multiples Average Life Net IRR Net MM	3% 1.1x 22 months 5% 1.1x

Source: ICG, as at 30 September 2011

Fee Income



£m	H1 12	H2 11	H1 11
Mezzanine Fund Management fee income	17.2	16.2	16.2
Credit Fund Management fee income	13.1	13.8	9.9
Third Party Funds fee income	30.3	30.0	26.1
Investment Company fee income	12.6	12.7	13.0
Total fee income	42.9	42.7	39.1

Mezzanine & Growth Capital Funds

Third Party Fee Income



£m	H1 12		H2 11		H1 11	
	<i>Mgmt Fee</i>	<i>Carried Interest</i>	<i>Mgmt Fee</i>	<i>Carried Interest</i>	<i>Mgmt Fee</i>	<i>Carried Interest</i>
Investing Europe	2.0	0.0	9.8	0.0	7.9	0.0
Investing Asia	2.6	0.0	2.6	0.0	2.8	0.0
Realisation Europe	9.7	2.1	2.9	0.0	3.2	1.3
Realisation Asia	0.8	0.0	0.9	0.0	1.0	0.0
Total	15.1	2.1	16.2	0.0	14.9	1.3

Credit Funds Fee Income



£m	H1 12	H2 11	H1 11
Senior Fees	4.3	3.6	3.2
Junior Fees	7.5	9.8	6.7
Performance Fees	1.3	0.4	-
Total	13.1	13.8	9.9

Gains on Investments



£m	H1 12	H2 11	H1 11
Realised gains	10.1	31.3	28.9
Unrealised gains	32.0	15.3	57.9
Total gains	42.1	46.6	86.8
MTIS	(4.5)	(13.6)	(17.4)
Net gains	37.6	33.0	69.4

Impairments



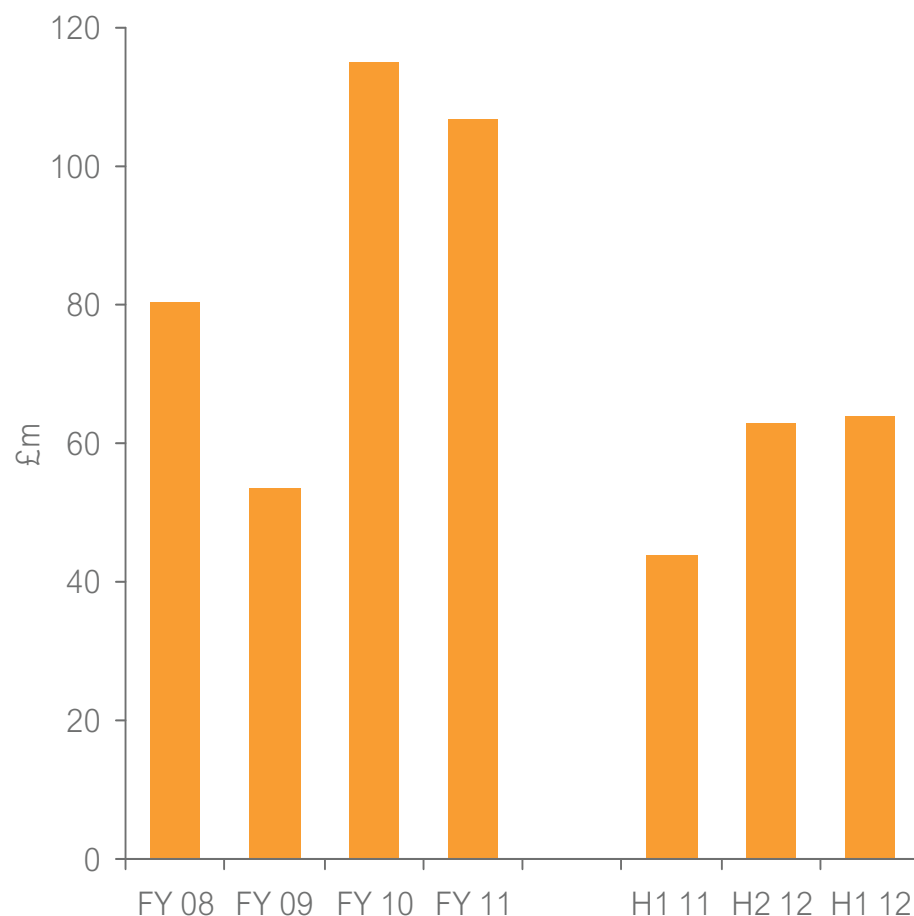
£m	H1 12	H2 11	H1 11
Mezzanine and equity investment			
Gross impairment	39.6	35.5	54.3
Recoveries	(11.2)	(17.7)	(1.2)
Net impairment	28.4	17.8	53.1

Pre-tax Profits, Earnings Per Share & Dividends



	H2 11	H2 11	H1 11
Pre tax profit excluding FV	£100.7m	£93.5m	£96.6m
Pre tax profit	£108.8m	£81.2m	£105.1m
Net profit	£85.1m	£60.6m	£67.5m
EPS	21.6p	15.4p	17.2p
DPS	6.0p	12.0p	6.0p

Cash Core Income



Cash Core Income Calculation:

Pre tax profit*	£100.7m
Less Capital Gains**	£(37.6)m
Plus provisions	£28.4m
Less Accrued PIK**	£(77.0)m
Plus PIK realised**	£48.8m
Cash Core Income	£63.3m

* adjusted for FV movements of derivatives held for hedging

** Net of MTIS

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