Trading Statement

For the period to 27 January 2015

Embargoed until 7:00am on 28 January 2015

Highlights

- Fundraising momentum continues with €3.1bn of third party money raised in the nine months to 31 December 2014. A full product pipeline is expected to result in very strong fundraising over the coming months
- New third party money raised in the quarter to 31 December 2014 totalled €1.4bn, with €0.2bn of realisations in older funds
- AUM increased by 8% in the quarter to 31 December 2014 to €14.9bn; third party fee earning AUM increased 12% to €10.8bn
- Investment pace for direct investment funds maintained in competitive market and healthy pipeline of investment opportunities across products
- Private equity secondaries business launched, as previously announced, with hire of specialist team and first investment

Commenting, Christophe Evain, CEO, said:

"ICG has maintained strong momentum, both in investor demand for our funds, and in the deployment of capital. In an era of diminished returns for institutional investors, investor demand continues to be strong for alternative credit strategies due to increasing awareness and an understanding of the role these strategies play in a portfolio. We see attractive opportunities and expect the momentum we have reported so far this financial year to continue."

Grow assets under management

Our fundraising momentum continues with €1.4bn of new third party money raised in the quarter to 31 December 2014. As expected, the level of realisations has slowed resulting in total assets under management increasing 8% over the three months to 31 December 2014 to €14.9bn. The third party AUM bridge is as follows:

	Mezzanine and equity Funds €m	Real estate Funds €m	Credit Funds €m	Total Third Party AUM €m	Total Third Party Fee Earning AUM €m
At 30 September 2014	3,658	1,653	6,048	11,359	9,686
Additions	489	545	322	1,356	
Realisations	(23)	-	(207)	(230)	
FX and other	42	10	(10)	42	
At 31 December 2014	4,166	2,208	6,153	12,527	10,817

As anticipated, fundraising in the quarter was dominated by our newly established strategies. A year after launching our 50:50 partnership with Nomura, we had a first close of €190m in our domestic Japanese mezzanine fund, including €47m each from ICG and Nomura. A further close is expected shortly and fees are being charged on a committed capital basis. Elsewhere, we have raised £225m from two further mandates for our ICG Longbow Senior Debt Fund and launched a UK Real Estate Development Fund with a £202m mandate, for which fees will be charged on an invested capital basis. We have also closed our third US CLO (Collateralised Loan Obligation) of $411m, including $22m from ICG.

We have an extensive product pipeline and expect this to lead to a period of very strong fundraising. Whilst we do not expect to close any further CLOs during the current financial year, we anticipate first closes across a range of products and further closes on both our US and Japanese mezzanine funds.

Invest selectively

We have maintained our selective and disciplined approach to investing despite the highly competitive investment market and continued the investment pace of our direct investment funds, being those funds where we originate deals, during the quarter to 31 December 2014. The total amount of capital deployed on behalf of our direct investment funds was £814m in the quarter and £2,104m in the year to date (nine months to 31 December 2013: £1,035m). In addition, our Investment Company invested a total of £116.6m in the quarter and £387.5m in the year to date, (nine months to 31 December 2013: £214.6m).

During the quarter we closed one investment in Europe which takes ICG Europe Fund V to 88% invested. Our ICG Longbow Real Estate Fund III was 92% invested at the end of its investment period and our Senior Debt Partners' strategy has committed 76% of its capital, contributing to our fee earning AUM. Our success at investing these funds has enabled us to commence marketing successor funds.

Elsewhere, we made one investment in Asia Pacific and two in the US during the quarter.

Manage portfolios to maximise value

The performance of our mezzanine portfolio, including the weaker companies, remains stable and our credit funds continue to perform either in line with, or ahead, of our expectations.

The first half of the financial year saw a strong level of realisations which has, as expected, slowed subsequently. In the quarter to 31 December 2014 our Investment Company received £126.7m principal repayments, crystallised £29.7m of rolled up interest and £4.9m of realised cash capital gains.

Balance Sheet

The balance sheet is well funded with available cash and unutilised bank lines of £367m at 31 December 2014. This has reduced from £637m at 30 September 2014 with an increase in assets held in anticipation of new funds being raised, including our investment in a private equity secondaries portfolio.

The Group has returned £69m (as at 27 January 2015) to shareholders through the current £100m share buyback programme, which is expected to be completed ahead of the full year results announcement. Work is ongoing to improve our return on equity and re-gear the balance sheet and, as previously communicated, we will update the market on the actions being taken with the full year results.

Enquiries

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