Trading Statement

For the period to 20 July 2016

Embargoed until 7:00am on 21 July 2016

Highlights

- New third party money raised in the quarter to 30 June 2016 totalled €0.8bn, in line with expectations
- AUM increased by 1% to €21.9bn; third party fee earning AUM increased 2% to €16.1bn
- Long term, market conditions remain favourable following EU referendum result, although investment and realisation pace may slow as UK M&A activity is expected to reduce in the short term
- Resilient investment portfolio and a stable loan book, in line with expectations

Commenting, Christophe Evain, CEO, said:

"I am pleased to report that we have continued to build on our strong full year performance in the first quarter of the new financial year. ICG now has a more diversified business than at any point in our history. As such, we are well placed to deal with the uncertainty caused by the UK's vote to leave the European Union. In the short term, there may be a reduced level of M&A activity in the UK, resulting in a slower investment pace in the UK and fewer realisations of UK assets. There will be minimal impact on fees as the majority of the capital we manage is in closed end funds. Elsewhere, it is too early to assess the impact of the EU referendum, if any, on the performance of the underlying portfolio companies. We have a long established presence in Europe operating through existing subsidiaries and remain dedicated to our operations throughout Europe. Currently, we do not anticipate the need for any significant organisational change, but will continue to monitor Brexit developments and react quickly to any possible impact on our business model.

"Long term, market conditions remain favourable for alternative asset classes as institutions search for yield in the continuing low interest rate environment and banks withdraw from the investment market. Furthermore, our efficient, yet robust, decision making processes coupled with the flexibility of our balance sheet capital and third party fund mandates means we will be able to capitalise on any market opportunities that present themselves in the current environment."

Grow assets under management

Following significant fundraising for existing strategies over the last two years, our fundraising focus has turned to our newer strategies and the level of fundraising has, as expected, been lower in the quarter to 30 June 2016, with €0.8bn of new third party money raised. With realisations in the quarter of €0.2bn, third party assets under management have increased 2% over the three months to 30 June 2016 to €19.7bn. The third party AUM bridge is as follows:

	Mezzanine Funds €m	Real estate Funds €m	Credit Funds €m	Secondaries Funds €m	Total Third Party AUM €m
At 31 March 2016	6,008	3,305	9,060	939	19,312
Additions	-	249	536	20	805
Realisations	(145)	-	(104)	-	(249)
FX and other	48	(180)	(4)	(19)	(155)
At 30 June 2016	5,911	3,374	9,488	940	19,713
Fee earning AUM - at 30 June 2016	5,551	2,603	7,217	730	16,101

During the quarter we raised a further €249m (£200m) for our ICG Longbow Fund IV, taking the total third party funds raised to £870m, surpassing its predecessor fund, with fundraising ongoing. Elsewhere, we have closed our first European CLO (Collaterised Loan Obligation) since 2014, raising €413m, including €23m from ICG.

Invest selectively

Liquidity has remained high throughout the quarter resulting in competitive investment markets. However, our teams have continued to source attractive opportunities enabling the investment pace for our direct investment funds, with the exception of Asia Pacific where the team have been focusing on fundraising, to be maintained.

The total amount of capital deployed on behalf of our direct investment funds was £456m in the quarter (three months to 30 June 2015: £920m). In addition, our Investment Company invested a total of £91.4m in the quarter (three months to 30 June 2015: £89.4m).

During the quarter we signed four investments in Europe, three of which have yet to complete, taking Europe Fund VI to 32% invested. North America Fund I is 50% invested, after completing a further two investments in the period. Our Senior Debt Partners' II strategy has deployed 35% of its capital, and ICG Longbow Real Estate Fund IV is 59% invested, based on current funds raised.

Manage portfolios to maximise value

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

With 97% of our AUM in closed end funds, outflows occur with the realisation of the underlying portfolio companies. The pace of realisations remained steady in the quarter, although UK real estate saw a slowdown in transactions ahead of the EU referendum.

In the quarter to 30 June 2016 our Investment Company received £90.5m of principal repayments, crystallised £2.4m of rolled up interest and realised £116.2m of cash capital gains. The cash capital gains principally relate to the realisation of the balance sheet's largest asset Parkeon.

Balance Sheet

The balance sheet remains well funded with available cash and unutilised bank lines of £825m at 30 June 2016 and no material refinancing requirements in the next 12 months. The utilisation will increase by £250m with the payment of the final ordinary and special dividends on 5 August 2016, subject to shareholder approval.

The current weakness in Sterling is expected to have limited impact on fund management fee income in the current year, which is hedged. However, as interest income is unhedged there is a more immediate impact from the current exchange rates.

Following the payment of the special dividend, we will continue to target a return on equity of over 13% by further growth in the profitability of the business and maintaining an efficient balance sheet with gearing between 0.8x and 1.2x.

Enquiries

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This Trading Statement contains information which, prior to this announcement was insider information.

About ICG

ICG is a specialist asset manager with over 27 years' history in private debt, credit and equity. Our objective is to generate income and consistently high returns whilst protecting against investment downside. We seek to achieve this through our expertise in investing across the capital structure. We combine flexible capital solutions, local access and insight with an entrepreneurial approach to give us a competitive edge in our markets. We are committed to innovation and pioneering new strategies where we can deliver value to our investors. ICG has €21.9bn of assets under management globally (as at 30 June, 2016), we are listed on the London Stock Exchange (ticker symbol: ICP), and regulated in the UK by the Financial Conduct Authority (FCA). Intermediate Capital Group, Inc. is a wholly-owned subsidiary of ICG and is registered as an investment adviser under the U.S. Investment Advisers Act of 1940. Further information is available at: www.icgam.com.