Half year results presentation

15 November 2016

Operational highlights
Fundraising and capital deployment on track

- Total AUM up 2% to €22.0bn, with €1.4bn of new money raised; third party fee earning AUM up 5% to €16.5bn
- Fundraising performance in line with expectations, driven by our real estate fund, ICG Longbow Fund IV, reaching its maximum £1bn size and strong momentum for our Strategic Secondaries fund
- Strong pipeline of opportunities to continue the growth of our fund management franchise
- Capital deployment on track in a competitive investment market, £1.5bn deployed in the period
- Investment Company portfolio performance robust, net impairments at £23.8m (H1 2016: £18.1m), and unrealised capital gains remaining strong

Financial highlights
Strong financial performance driven by capital gains

- Group profit before tax[1] was £133.0m (H1 2016: £88.1m), due to a strong period of capital gains of £125.5m (H1 2016 : £62.5m).

- Fund Management Company profits up 17% to £34.0m (H1 2016: £29.0m), with third party fee income up 26%

- Investment Company[1] profit is higher at £99.0m (H1 2016: £59.1m)

- Interim ordinary dividend up 4.2% to 7.5 pence per share

[1]Profit before tax excludes the impact of fair value movements on derivatives (H1 2017: £7.6m; FY16: £17.3m; H1 2016: £3.5m) and the consolidation of eleven credit funds following the adoption of IFRS10.

Brexit and ICG

Predictable secured fee income and opportunities remain

Fundraising	• Sustained demand for high yielding alternative asset classes • Demand for European assets continues to grow • Domestic appetite for UK assets stronger than ever
Investment	• UK M&A market slows down in the short term • European M&A market remains strong • Private equity has significant dry powder
Portfolio	• Portfolio showing solid performance • UK portfolio showing some non Brexit related weakness
Profitability	• No possible redemptions and predictable fee income streams from closed end fund model • Foreign exchange benefit from Euro/USD fee streams and GBP cost base
Capital & organisation	• Balance sheet strong with conservative gearing and significant debt headroom • Maintain London base but with an EU regulated subsidiary

Strategic priorities

FY10 - FY15
Building the platform

- Manage pre global financial crisis portfolio
- Develop a scalable infrastructure platform
- Establish an in-house distribution capability
- Develop new products
- Build a global franchise

FY16 - FY19
Profit maturity

- Deliver gross fundraising target
- Enhance brand and client base
- Selective acquisitions and team hires to expand product range
- FMC operating margin to increase
- Optimise co-investment ratio
- Greater capital efficiency

By FY20

- Recognised as a diversified asset manager
- Increased fundraising targets
- Continue to invest in growth whilst maintaining FMC margins
- FMC largest profit contributor
- Enhanced brand recognition
- Maintain efficient capital base

Financial Review

Financial highlights

Fund Management profits continue to grow

£m		6 months to 30 September 2016	12 months to 31 March 2016	6 months to 30 September 2015
Fund Management Company	Third party fee income	62.9	108.9	49.9
	IC management fee	9.2	18.4	9.1
	Other income	11.4	18.9	9.1
	Operating costs	(49.5)	(85.0)	(39.1)
	FMC profit	34.0	61.2	29.0
Investment Company	Interest income	60.0	126.0	71.1
	Dividend & other income	4.6	21.4	10.4
	Net capital gains	125.5	128.6	62.5
	Total income	**190.1**	**276.0**	**144.0**
	Interest expense	(24.4)	(45.9)	(22.7)
	Operating costs	(33.7)	(57.9)	(28.0)
	IC management fee	(9.2)	(18.4)	(9.1)
	Impairments	(23.8)	(39.4)	(18.1)
	Increase in deferred consideration	-	-	(7.0)
	IC profit	99.0	114.4	59.1
Group	**Profit before tax[1]**	133.0	175.6	88.1

- Accounting standard IFRS 10 requires eleven credit funds to be consolidated into statutory results. All numbers in the financial review shown excluding the impact of IFRS 10
- Assets and liabilities grossed up with minimal impact on shareholders' funds

[1]Profit before tax excludes the impact of fair value movements on derivatives (H1 2017: £7.6m; FY16: £17.3m; H1 2016: £3.5m) and the consolidation of eleven credit funds following the adoption of IFRS10.

Balance sheet and capital strategy

Balance sheet efficiency achieved

£m		30 September 2016	31 March 2016	31 March 2015
Assets	Loans and investments	1,873	1,798	1,691
	Assets for syndication	150	183	244
	Cash	326	113	277
	Other	199	236	123
	Total assets	**2,548**	**2,330**	**2,335**
Liabilities	Borrowings	1,084	866	707
	Other	395	223	172
	Shareholders funds	1,069	1,241	1,456
	Total liabilities	**2,548**	**2,330**	**2,335**
Balance sheet metrics	Gearing ratio	1.01x	0.70x	0.49x
	Debt facilities	1,767	1,535	1,213
	Available headroom	802	781	758

- Maintain balance sheet gearing well within the range of 0.8-1.2x
- Diversified sources and maturities of financing, healthy debt headroom
- Weighted average life of drawn debt 3.6 years with a weighted average cost of 3.7%

Cash flow
Operating cash inflows higher due to realisations

£m	6 months to 30 September 2016	12 months to 31 March 2016	6 months to 30 September 2015
Cash in from realisations and recoveries	302.9	394.3	166.4
Cash paid to purchase loans and investments	(178.2)	(247.1)	(153.9)
Cash movement in assets held for syndication to funds	99.6	(35.8)	(37.0)
Cash in from fees	70.1	86.3	34.0
Cash in from dividends and interest	64.9	170.0	71.6
Cash interest paid	(20.8)	(47.0)	(24.5)
Operating expenses paid	(65.8)	(135.1)	(77.7)
Total operating and investing cash flows	**272.7**	**185.6**	**(21.1)**
Cash core income	30.4	82.9	23.6

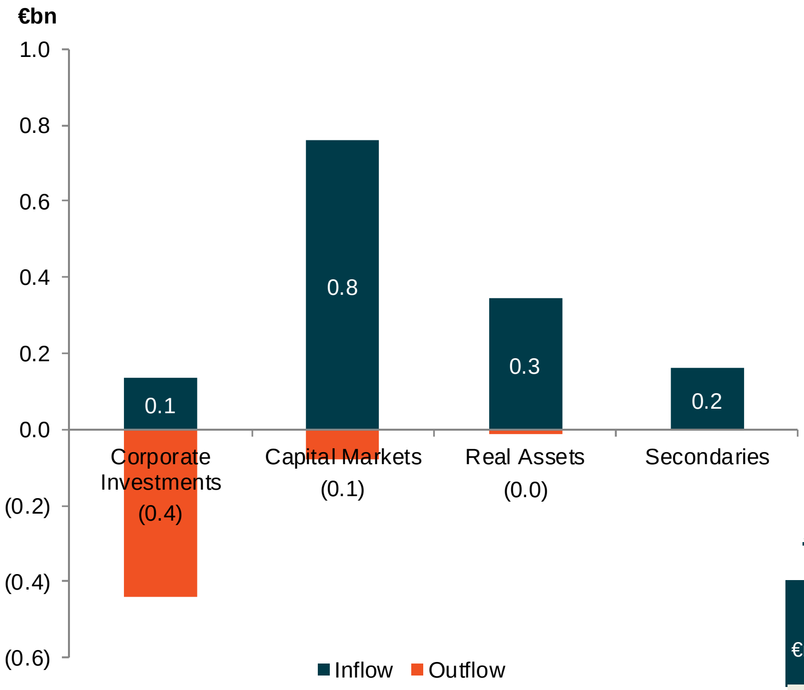
Fund Management Company

ICG

Third party assets under management

Record level of third party AUM at €19.8bn

AUM H1 inflows/outflows by strategy



- Third party AUM up 3% and fee earning AUM increased by 5% since FY16
- Total net increase €0.5bn; inflows €1.4bn; outflows €0.5bn and €0.4bn FX and other
- Realisations in corporate investments primarily arising on older European Mezzanine and Senior Debt Partners funds
- H2 focus on Strategic Secondaries and credit funds

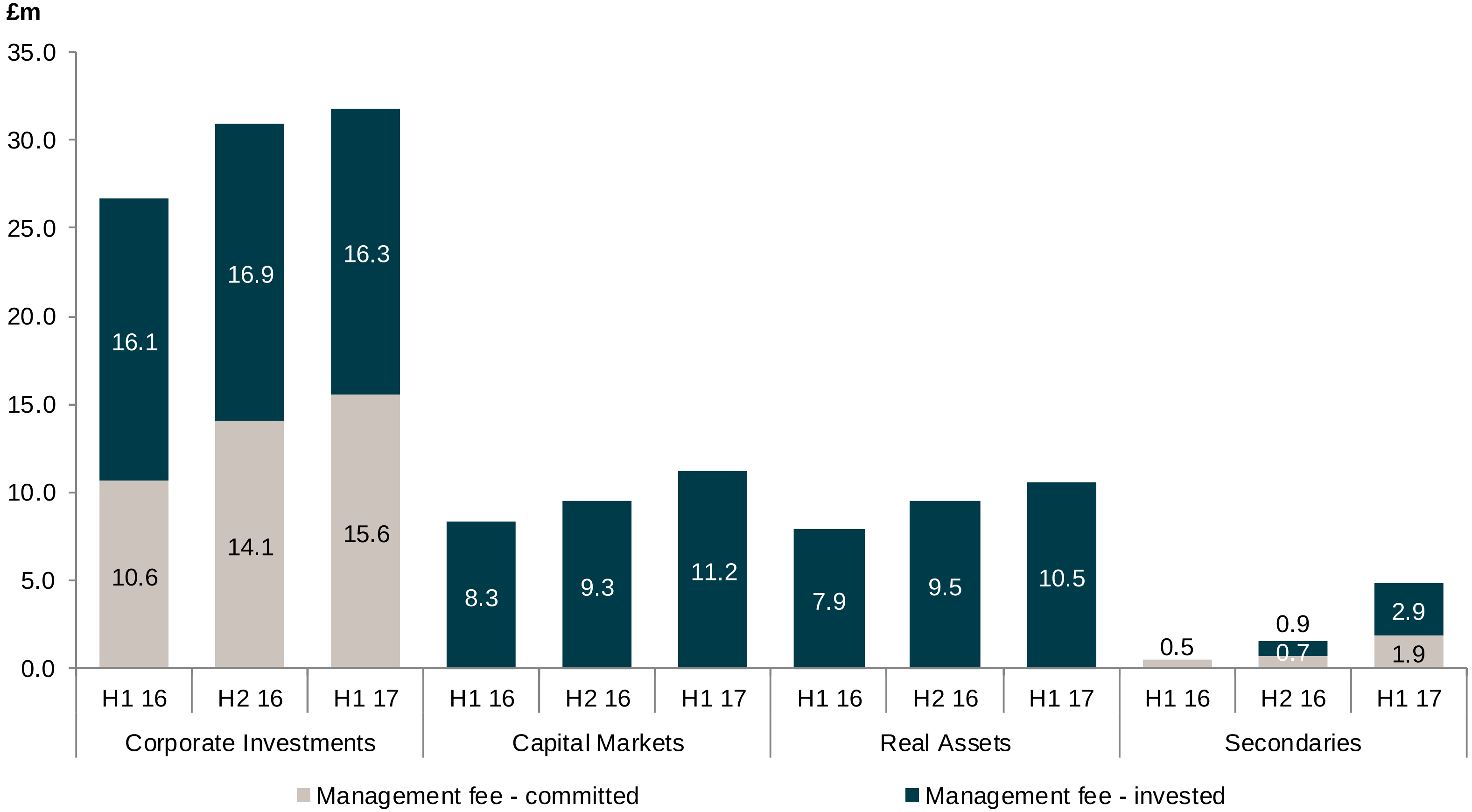
AUM by Business Unit

€m	Fee earning AUM		AUM	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
Corporate Investments	7,780	7,891	10,113	10,431
Capital Markets	5,316	4,637	5,317	4,637
Real Assets	2,557	2,521	3,340	3,305
Secondaries	884	708	1,078	939
	16,537	15,757	19,848	19,312

Management fee income

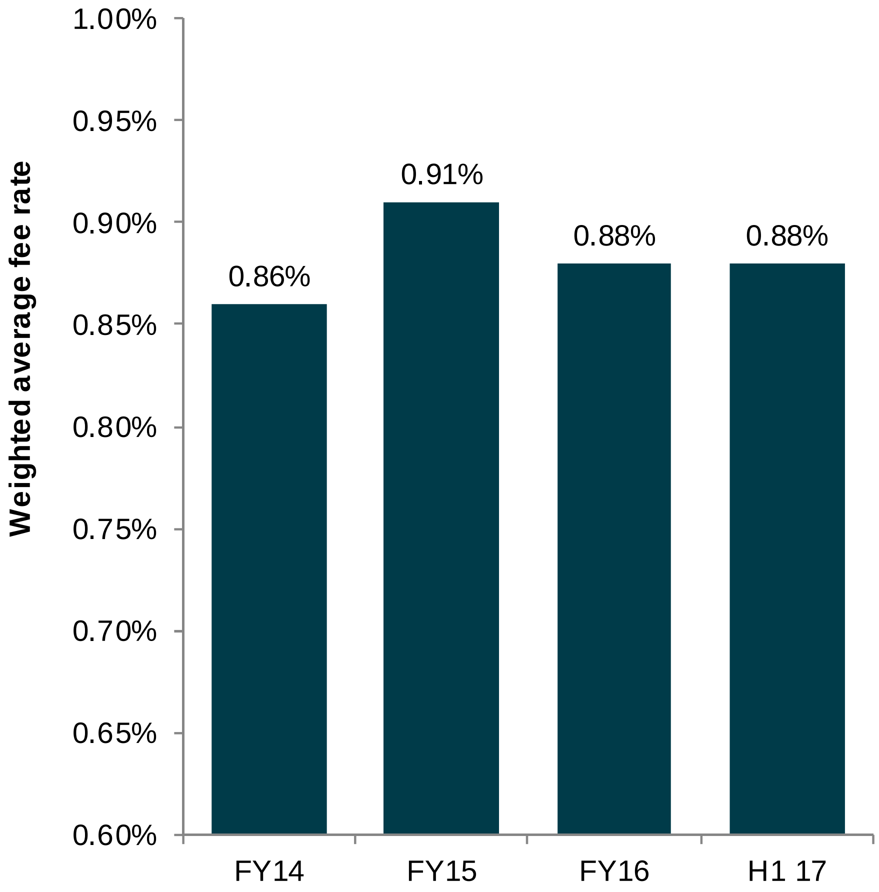
Management fee income increasing across all asset classes

Third party management fee income



Fee income

Weighted average fee[1] rates resilient at 0.88%

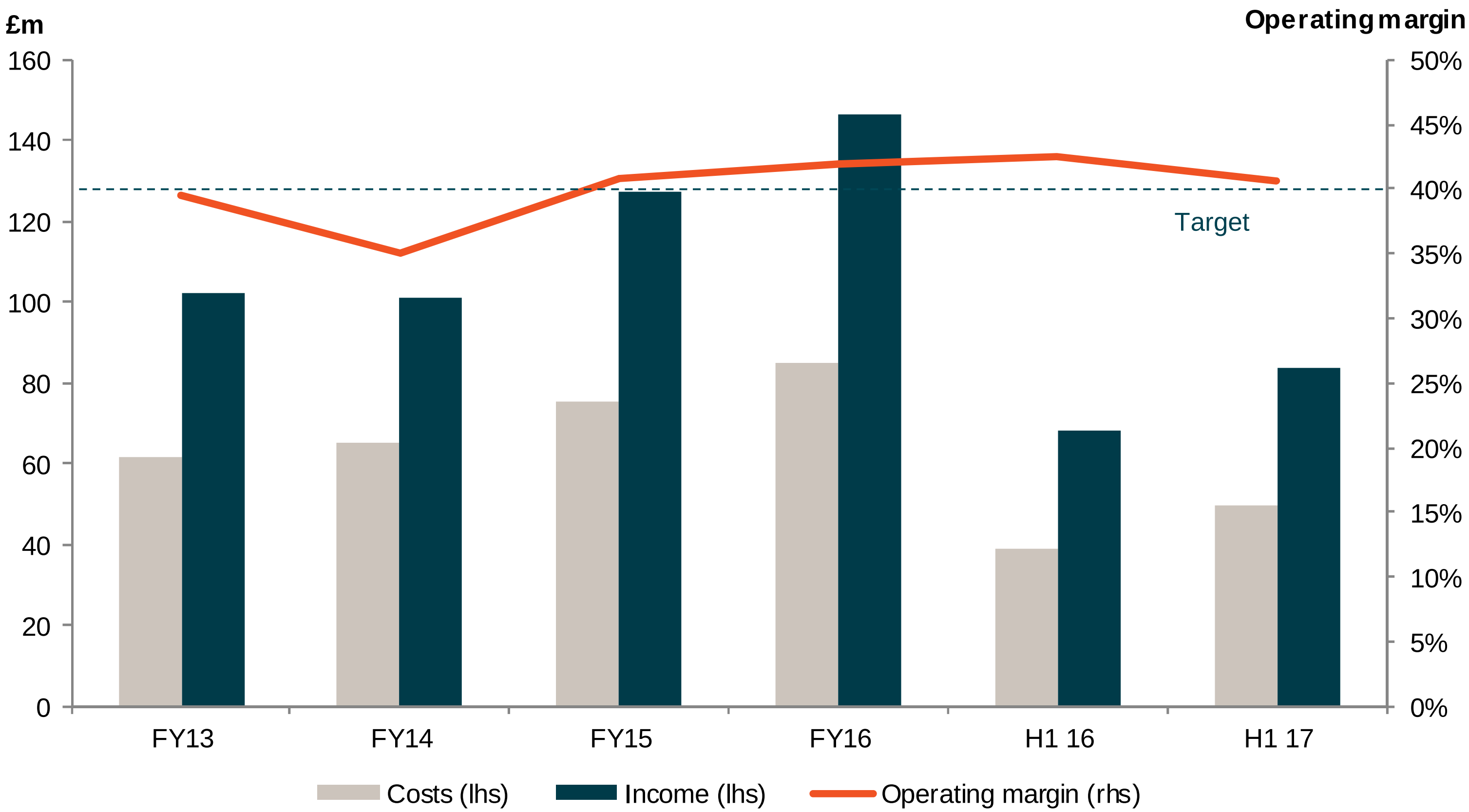


- Fee rates have remained broadly flat over the last four years
- Changes in weighted average fee rate driven by mix of strategies
- Strategies charging fees on invested capital are at a lower average fee compared to those that charge on commitments

[1] Weighted average fee rates based on average fee earning AUM during the year and excludes any performance fees

FMC operating margin

Operating margin maintained above 40% target



FMC operating costs
Investment in new strategies increases costs

£m	6 months to 30 September 2016	6 months to 31 March 2016	6 months to 30 September 2015	12 months to 31 March 2016
Investment team salaries	12.6	10.6	9.1	19.7
Marketing salaries	2.5	2.1	1.9	4.0
Infrastructure salaries	4.0	3.5	3.2	6.7
Salaries	**19.1**	**16.2**	**14.2**	**30.4**
Cash incentives	5.0	5.9	5.0	10.9
Deferred awards	9.5	6.8	6.8	13.6
Incentive schemes	**14.5**	**12.7**	**11.8**	**24.5**
Other non staff costs	14.0	14.8	12.0	26.8
Placement fees	1.9	2.2	1.1	3.3
Total	**49.5**	**45.9**	**39.1**	**85.0**

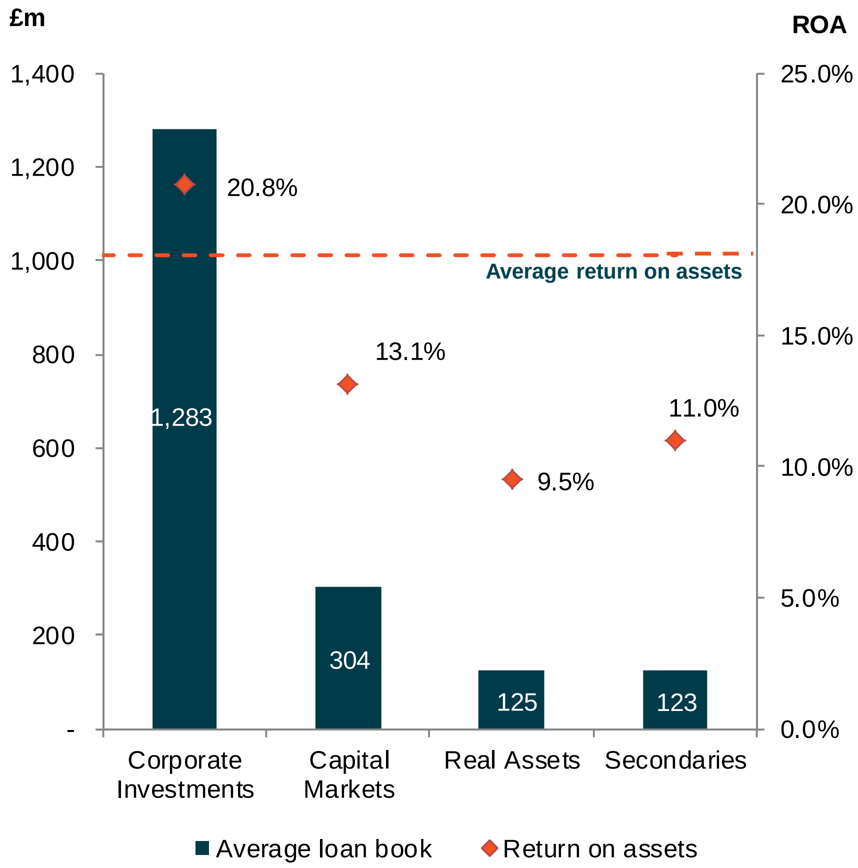
- Increase in salaries reflects investment in Capital Markets strategy, the ICG Enterprise Trust team and our operations infrastructure
- Other costs increase as a result of increased occupancy and IT costs and a one off reduction in placement fees recognised in the prior year

Investment Company

Return on assets

Loan book heavily weighted to higher returning assets

Average loan book and ROA by product type

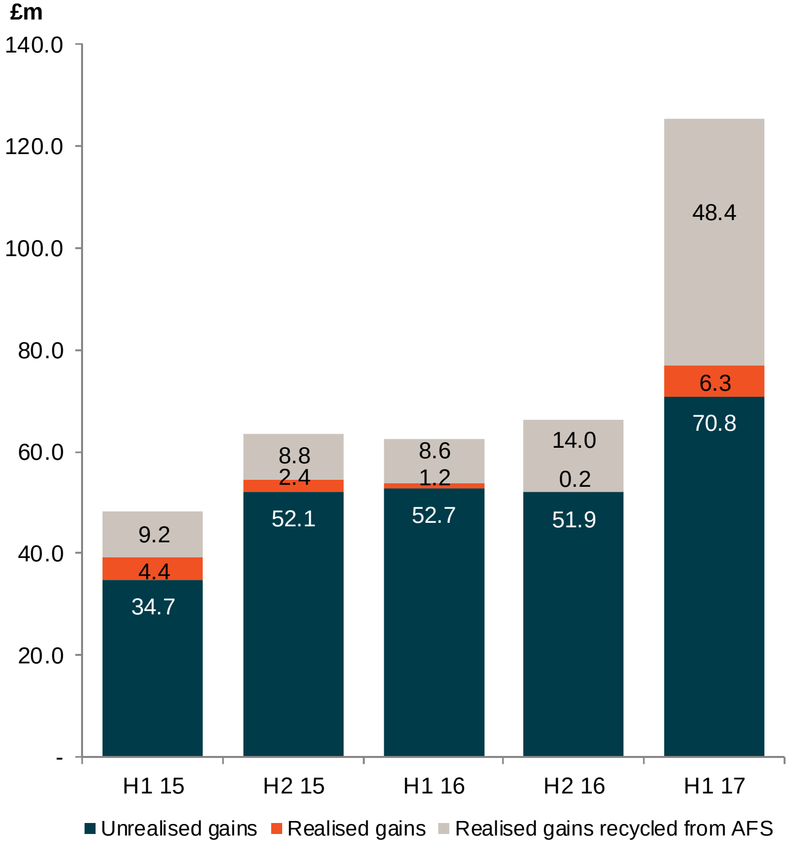


- Average ROA is 18%, up from 13% in FY16, due to the strong level of capital gains in the current period
- Majority of investment book in the Corporate Investments asset class, with expected return of 15-20% for our mezzanine funds
- Capital Markets asset class driven by regulatory requirement to invest in 5% of equity of new CLOs issued, giving access to fee income stream
- Secondaries investment returns are in the form of capital gains which will be recognised over the asset lifecycle. Over the life of the asset expected return is 20%

Capital gains

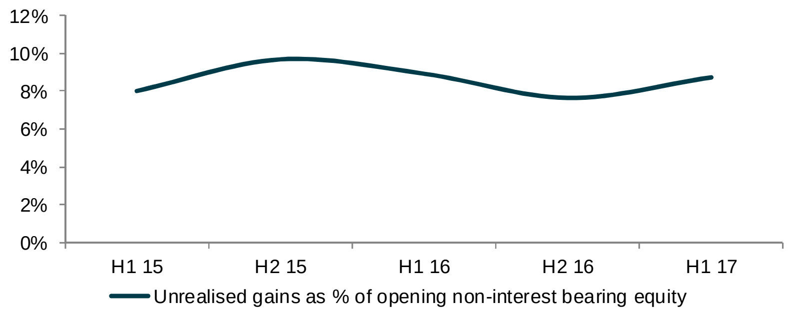
Unrealised capital gains remain in line with recent trend

Composition of capital gains by type



- Post 2011 equity assets are fair valued through the P&L. Unrealised gains averaging 8-10% of the opening non-interest bearing equity book
- Unrealised capital gains in current period driven by improved portfolio company performance and market comparables
- A diminishing balance of pre 2011 equity assets are fair valued through reserves and recycled to the P&L on disposal
- Current period recycling driven by the sale of AAS Link

Unrealised gains by reporting period



Investment Company costs

Investment in business development increases cost base

£m	6 months to 30 September 2016	6 months to 31 March 2016	6 months to 30 September 2015	12 months to 31 March 2016
Salaries	5.6	4.8	4.0	8.8
Cash incentives	10.1	11.9	10.0	21.9
Deferred awards	12.8	8.7	9.1	17.8
Incentive schemes	**22.9**	**20.6**	**19.1**	**39.7**
Amortisation	1.2	0.3	-	0.3
Other non staff costs	4.0	4.2	4.9	9.1
Total	**33.7**	**29.9**	**28.0**	**57.9**
Business development costs	3.3	1.5	1.5	3.0

- Investment in infrastructure continues, with increase in salaries in line with additional headcount
- Increase in business development costs reflects desire to grow real asset and senior loan product offering
- Amortisation relates to the acquisition of the ICG Enterprise Trust management contract on 1 February 2016

FY17 guidance – no change

- Fundraising – average €4bn over fundraising cycle. FY17 likely to be lower
- FMC operating margin – over 40%
- Performance fees to average £15-20m per annum
- Net impairments – less than long term average of 2.5% of opening book
- Balance sheet portfolio – average c£2bn with co-investment ratio below 10%
- Gearing well within the range of 0.8-1.2x
- Return on equity – above 13%
- Tax rate – effective tax rate of 13%

Operating Review

ICG operating model

Investment in new funds

INVESTING

- Fund deployment
- Fund performance and track record
- Impairment target of less than 2.5% of opening book

FUNDRAISING

- Gross fundraising to average €4bn per annum
- Maintain fee level
- Selective product expansion

IC PROFITABILITY

- IC gross return on assets
- Manage risk across all portfolios

FMC PROFITABILITY

- FMC operating margin
- Manage risk across all portfolios

CAPITAL ALLOCATION

- Return on equity above 13%
- Gearing 0.8-1.2x

BUSINESS GROWTH

- Reinvest to drive return on equity
- Optimise co-investment ratio for each strategy

SHAREHOLDERS RETURNS

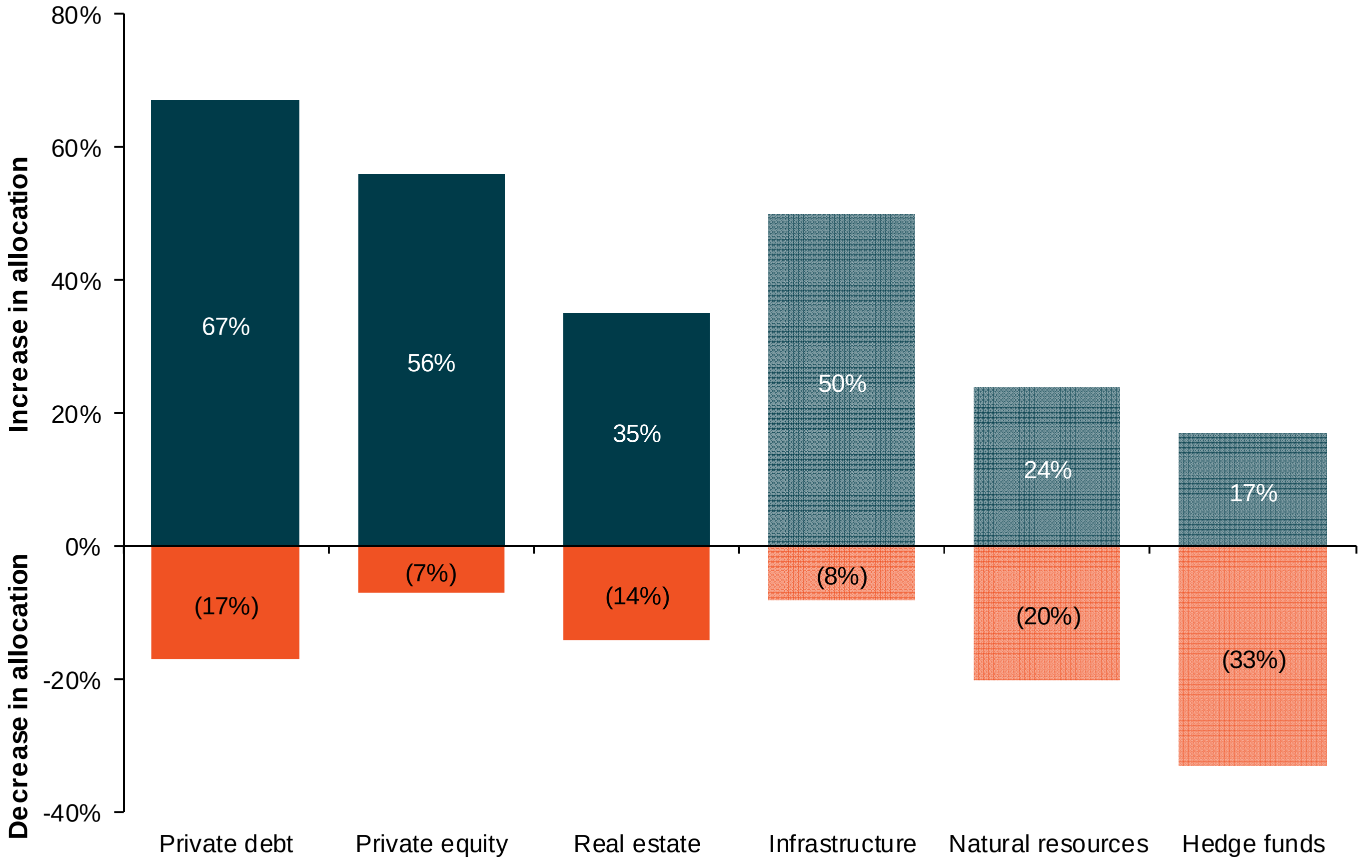
- Dividend
- Return surplus cash

Fundraising

Fundraising market

ICG product offering shows strong growth potential

Institutional investors' plans for allocations in the longer term

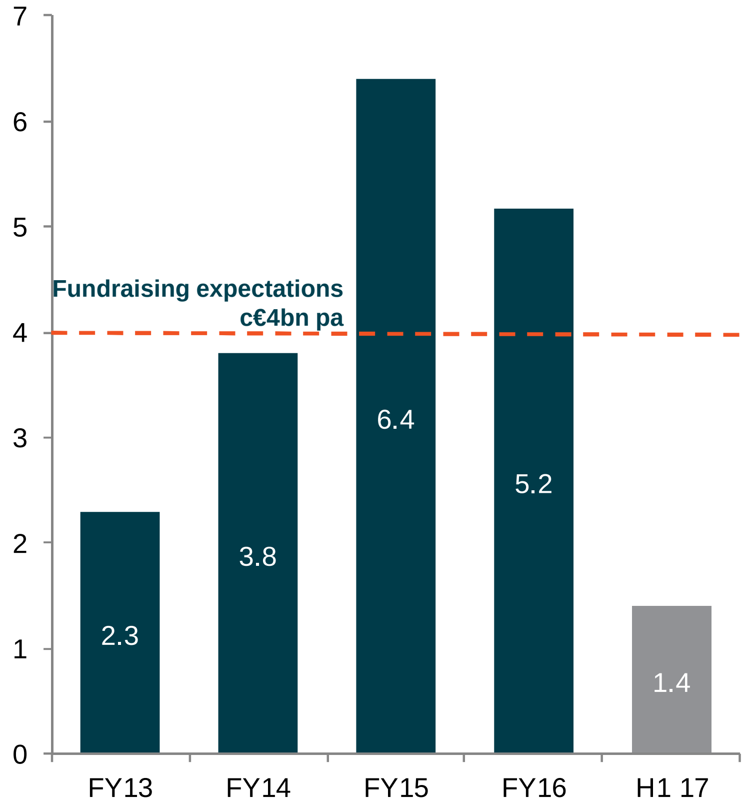


Source: Preqin investor outlook: Alternative assets H2 2016

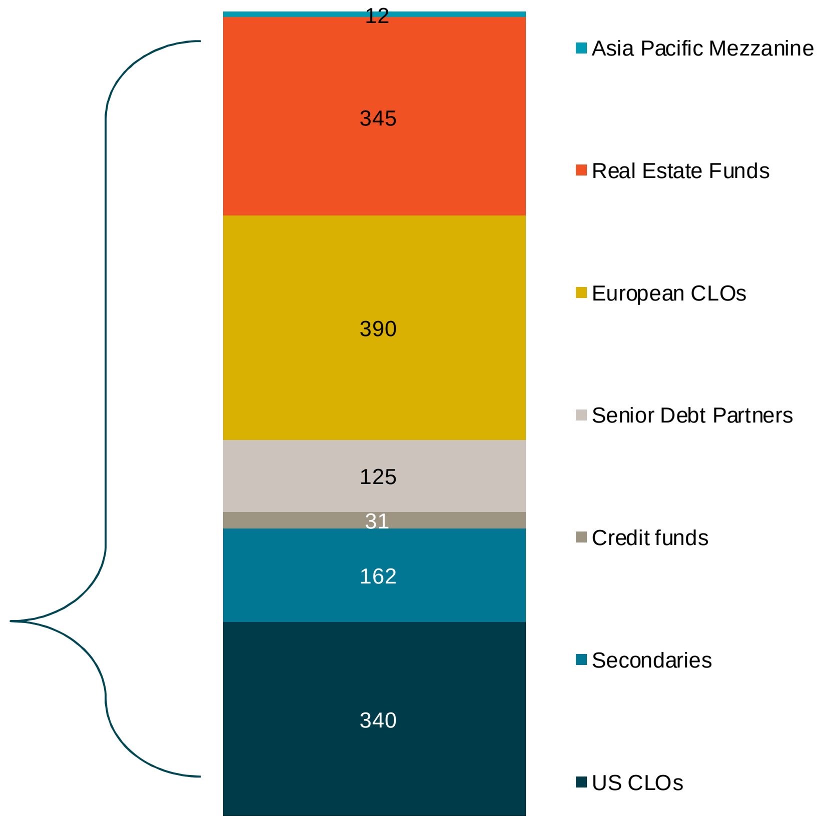
Fundraising momentum

Fundraising focus currently on smaller and newer strategies

€bn



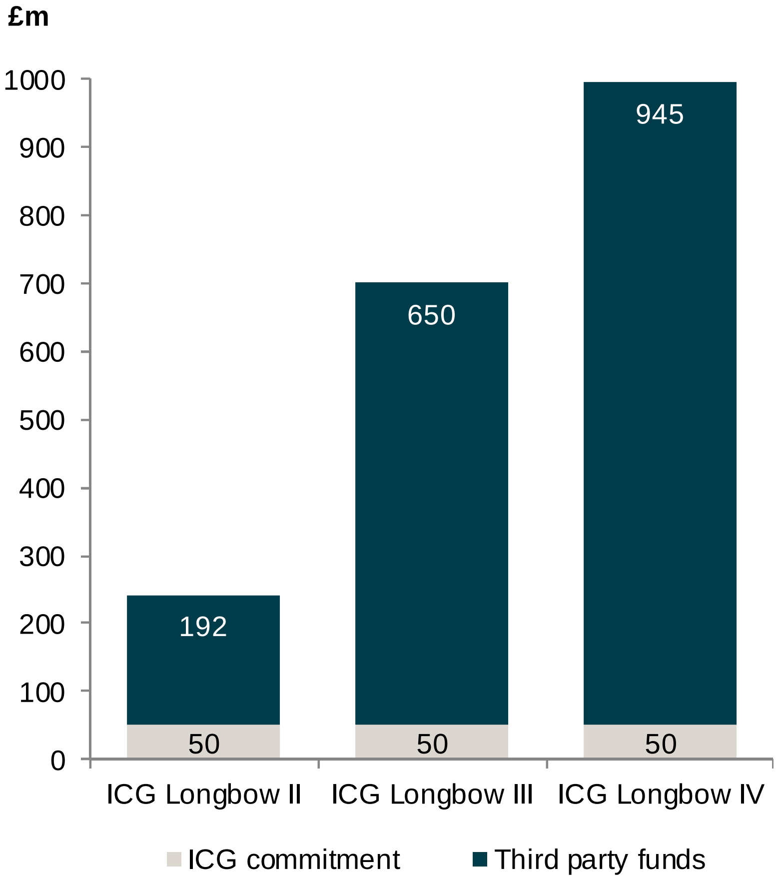
Funds raised in H1 17 by strategy (€m)



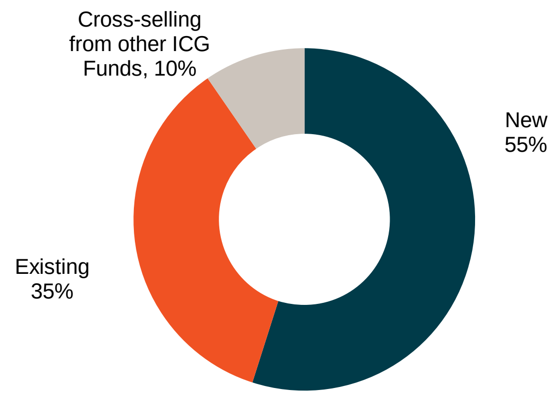
Fundraising case study – ICG Longbow

ICG Longbow Fund IV closes at its maximum size

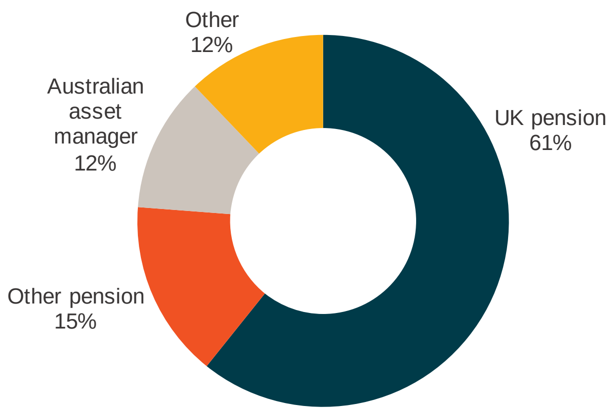
Fundraising history



Fund IV investor base re-ups

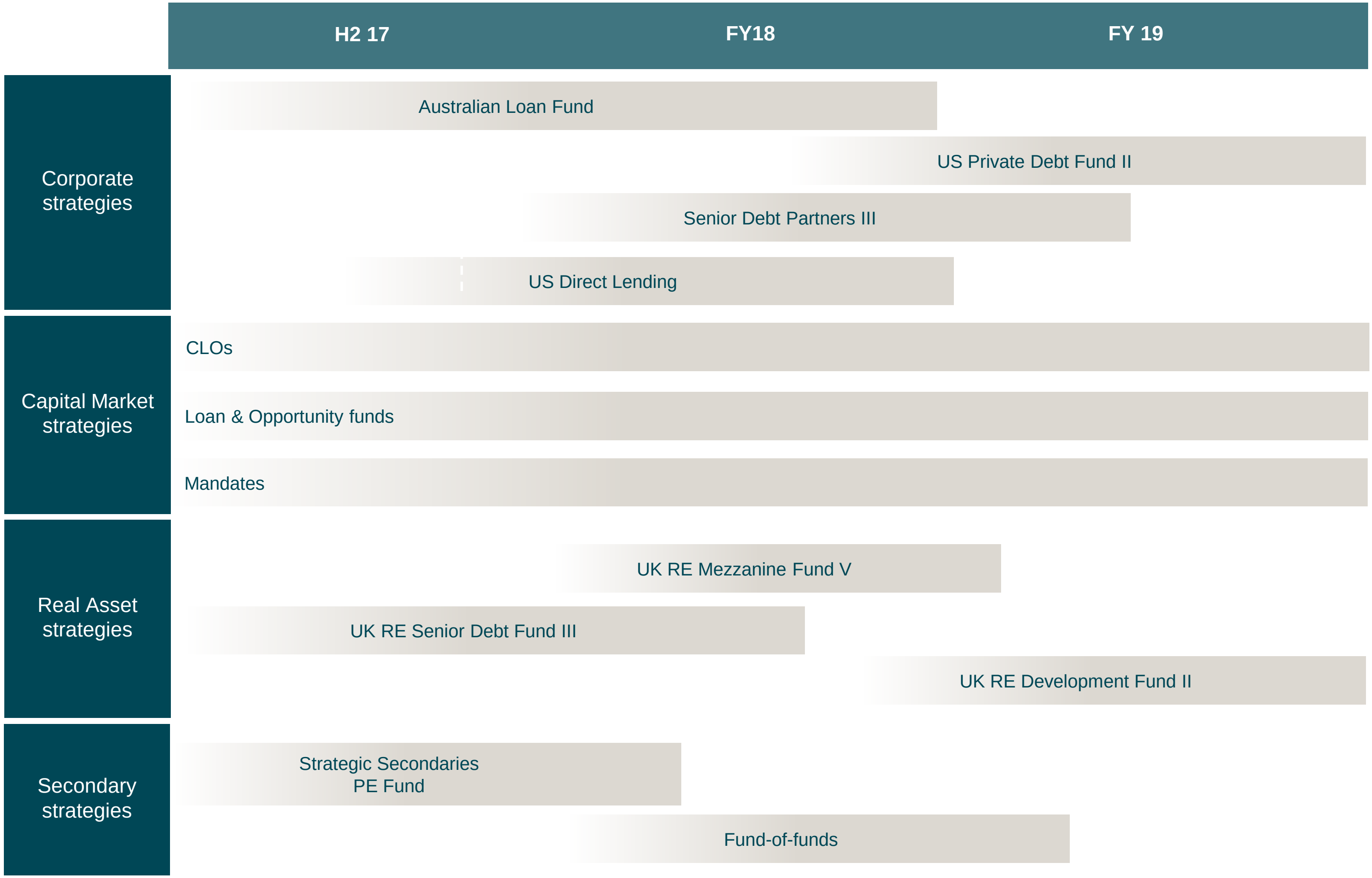


Fund IV investor base by geography and type



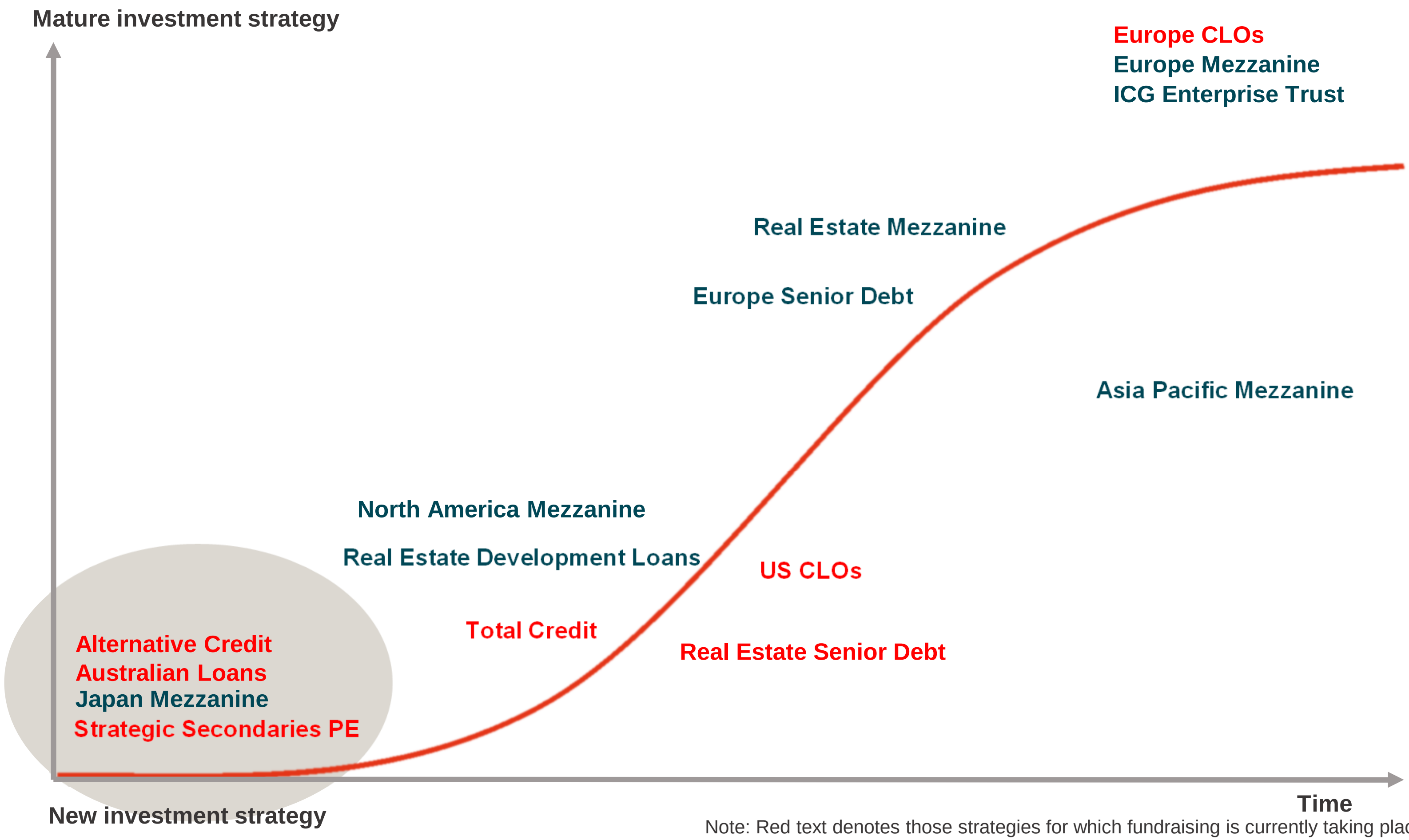
Fundraising outlook

H2 fundraising focus shifts to Secondaries and credit funds



Business development

Developing new strategies
Fundraising across an expanded range of strategies



Note: Red text denotes those strategies for which fundraising is currently taking place

Developing new strategies

Growth from adding complementary strategies

Corporate investments	Capital Market investments	Real Asset investments	Secondary investments
Existing strategies ▪ Europe Mezzanine ▪ Europe Senior Debt ▪ North America Mezzanine ▪ Asia Pacific Mezzanine ▪ Japan Mezzanine	**Existing strategies** ▪ Europe CLOs ▪ Total Credit ▪ US CLOs ▪ Alternative Credit ▪ Australian Loans	**Existing strategies** ▪ UK Real Estate (RE) Mezzanine ▪ UK RE Senior Debt ▪ UK RE Development Loans	**Existing strategies** ▪ Strategic Secondaries PE ▪ ICG Enterprise Trust
Expand strategies ▪ US Senior Debt	**Expand strategies** ▪ Segregated loan mandates	**Expand strategies** ▪ Europe RE Mezzanine ▪ Europe RE Senior Debt	**Expand strategies** ▪ Conventional Secondaries
Add complementary strategies ▪ Equity related	**Add complementary strategies** ▪ Liquids ▪ Open ended funds	**Add complementary strategies** ▪ Infrastructure ▪ Energy	**Add complementary strategies** ▪ Infrastructure ▪ Energy ▪ Real Estate

Note: Future expanded and complementary strategies are indicative of potential growth opportunities

Developing new strategies: Strategic Secondaries

Strong market dynamics and investment opportunities

Strong Market Dynamics

- Significant target universe of investment opportunities and increasing deal flow
- Relatively limited competition to lead fund restructuring transactions

Managed Risk

- Buying portfolios of diversified private equity companies
- Extensive due diligence on underlying portfolio companies and industries
- Cohesive and specialised investment team

Aligned Interests

- Incentivised teams with insider experience managing the portfolio companies
- Significant general partner investment alongside the Fund in each deal
- Governance rights and influence for ICG as lead/co-lead equity investor

Attractive Valuations

- Attractive entry prices based on valuation metrics
- Early realisations and cash distributions from mature private equity assets
- Low leverage in underlying portfolio companies

Investing

Investment markets

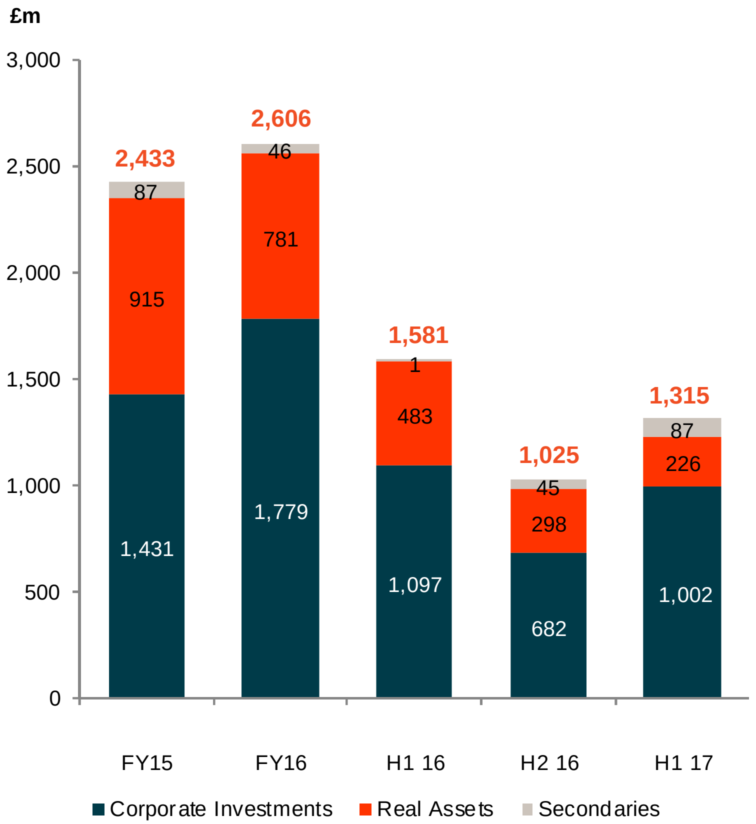
Differentiation in approach and strong origination model

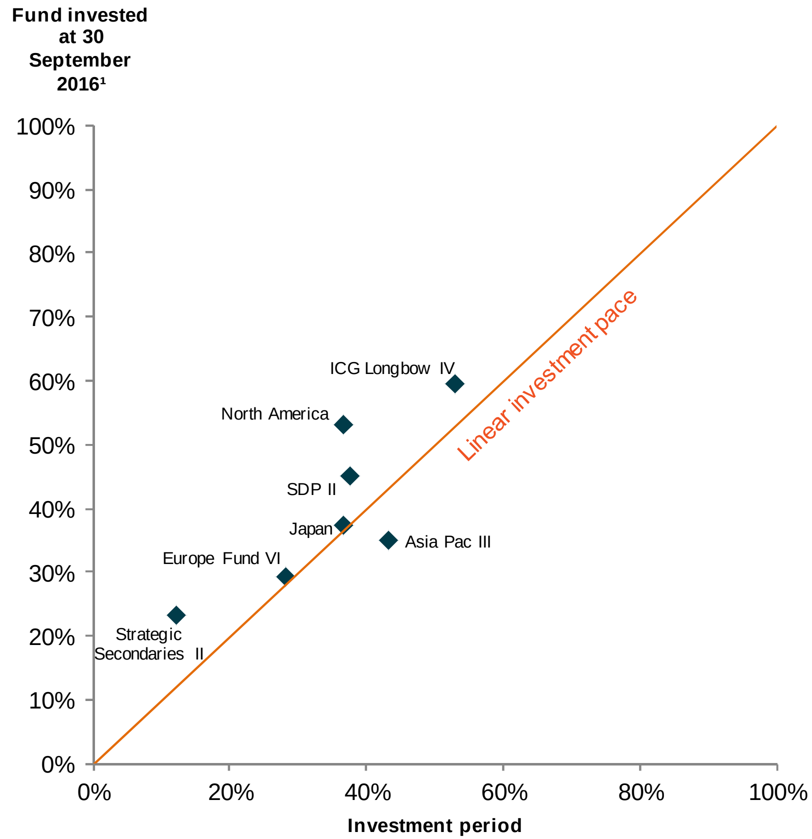
Corporate investments	Capital markets investments	Real asset investments	Secondary investments
Buyout markets are up on last year, despite recent slow down Financing market supported by investor appetite for direct lending funds Flexible capital and deal complexity are key differentiators for us Focus on investing in private mid-market companies through sponsored LBOs, sponsorless transactions and capital restructuring US private markets benefitting from increased demand for private debt capital solutions	Leverage loan and high yield markets in the US and Europe are strong CLO issuance has increased as investors increase their search for yield Ability to meet the capital requirements directive differentiates us Increased focus on open ended funds and separate mandates	Significant competition for prime assets Attractive opportunities in secondary property markets Non prime focus, deep knowledge of the UK market, strong industry relationships, flexible approach and speed of execution is an advantage Increasingly diversified offering Our entrepreneurial approach as a capital partner differentiates us	Strong opportunity to restructure private equity funds at the end of their life and the population of this market is growing Investment approach underpinned by detailed private equity type analysis on underlying companies and robust Investment Committee process Volumes & underwritten returns are under pressure for conventional secondaries

Investing our direct investment funds

Capital deployment on track in a competitive market

Direct investment funds





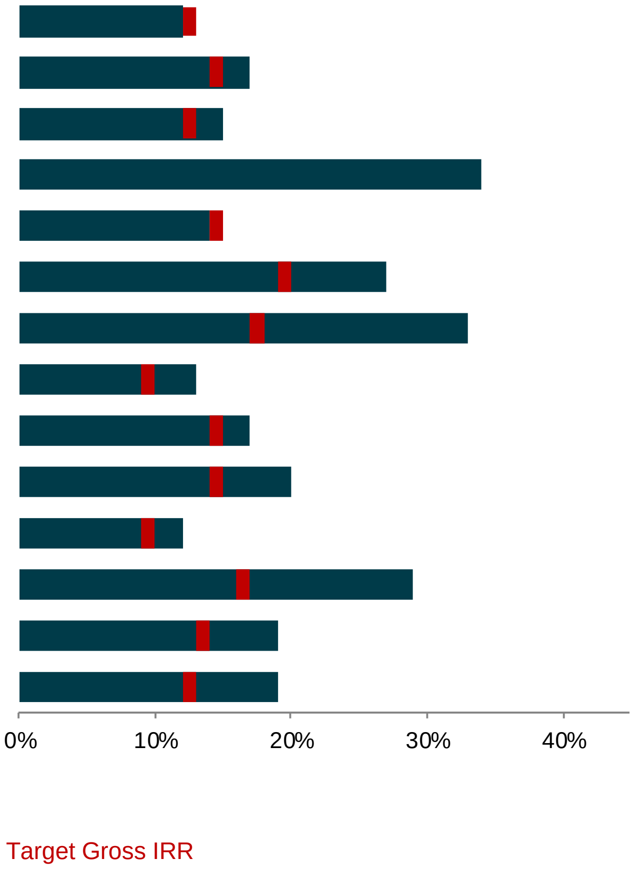
[1]Based upon target fund size for those funds in fundraising

Managing Investments

Fund performance
Funds consistently performing above target

Fund	Target MM	Realised MM
ICG Mezzanine Fund I 1998 (fully realised at 1 April 2015)	n/a	1.5x
ICG Mezzanine Fund II 2000 (fully realised at 1 April 2015)	n/a	1.7x
ICG Europe Fund IV 2006 (fully realised at 24 March 2015)	1.5x	1.6x
ICG Minority Partners Fund 2008 (fully realised at 15 January 2016)	1.9x	2.0x
ICG Mezzanine Fund III 2003	1.6x	1.9x
ICG Recovery Fund 2008	1.5x	1.7x
ICG Europe Fund V	1.6x	1.8x
Senior Debt Partners I	n/a	1.2x
Asia Pacific Mezzanine Fund I 2005	1.6x	1.9x
Asia Pacific Fund II 2008	1.6x	1.9x
Nomura ICG Fund	1.3x	1.1x
North America Private Debt Fund	n/a	1.2x
Longbow UK Real Estate Debt Investments II	1.4x	1.3x
ICG-Longbow UK Real Estate Debt Investments III	n/a	1.2x

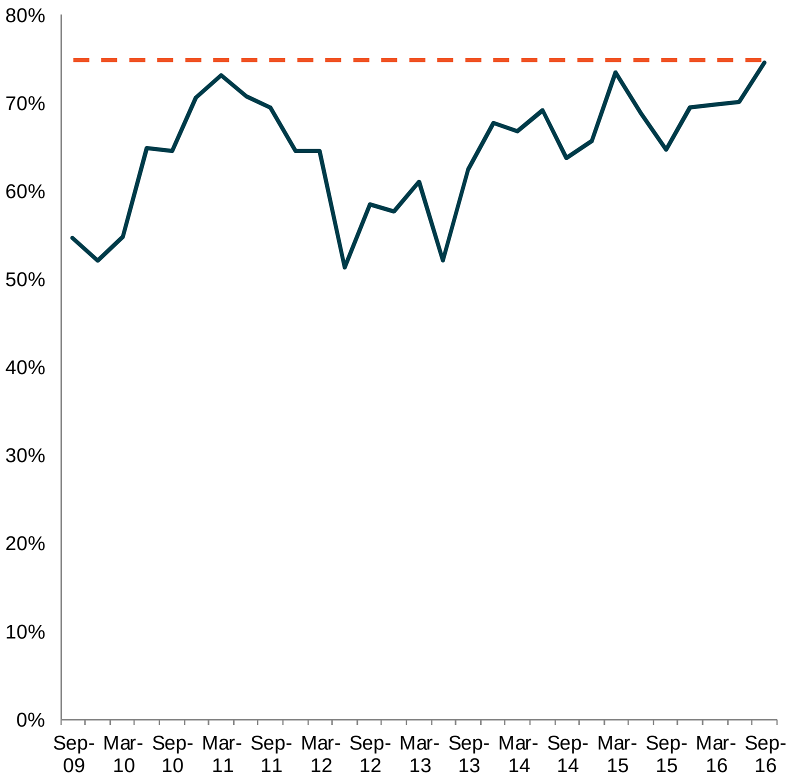
IRR on realised assets



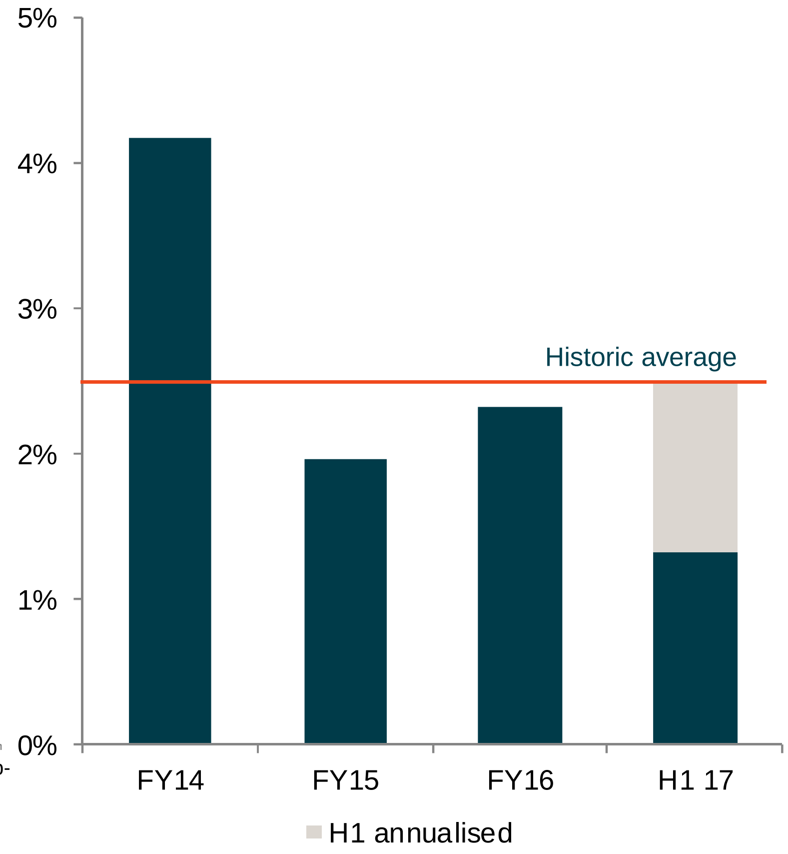
Portfolio performance

Impairments at historic average; portfolio performance robust

Percentage of portfolio performing above prior year



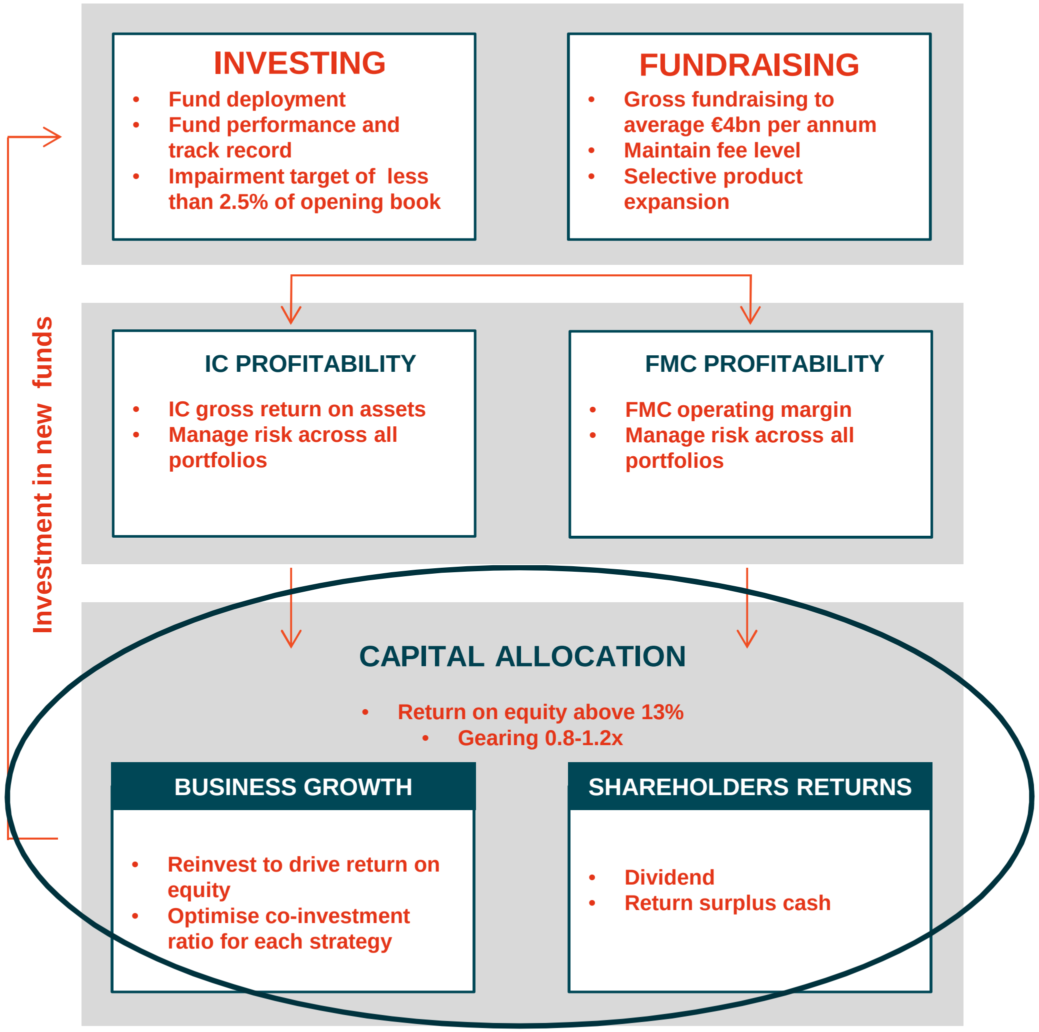
Net impairments as a percentage of opening book



Capital Allocation & Wrap Up

Capital allocation

Balancing business growth and shareholder returns



Strategic priorities

FY10 - FY15
Building the platform

- Manage pre global financial crisis portfolio
- Develop a scalable infrastructure platform
- Establish an in-house distribution capability
- Develop new products
- Build a global franchise

FY16 - FY19
Profit maturity

- **Deliver gross fundraising target**
- **Enhance brand and client base**
- **Selective acquisitions and team hires to expand product range**
- **FMC operating margin to increase**
- **Optimise co-investment ratio**
- **Greater capital efficiency**

By FY20

- Recognised as a diversified asset manager
- Increased fundraising targets
- Continue to invest in growth whilst maintaining FMC margins
- FMC largest profit contributor
- Enhanced brand recognition
- Maintain efficient capital base

Q&A

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