



Half year results presentation

15 November 2018



Highlights

Significant increase in FMC profits, driven by strong inflows

- Fund Management Company profits up 45% to £64.4m (H1 2018: £44.3m)
- €6.1bn of new money raised, AUM up 17% on 31 March 2018 to €33.6bn
- Third party fee earning AUM up 24% on 31 March 2018 to €26.0bn resulting in third party fee¹ income up 35%
- Investment Company profits¹ higher at £105.3m (H1 2018: £36.7m)
- Group profit before tax¹ of £169.7m (H1 2018: £81.0m)
- Interim ordinary dividend up 11.1% to 10.0p per share

¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (H1 19: £9.8m credit; H1 18: £0.3m charge). All numbers in the financial review shown exclude the impact of IFRS 10

Strategic priorities

FY10 – FY18 Strategic transition

- Enhanced brand and client base
- Developed new strategies to deliver gross fundraising target
- Developed a scalable infrastructure platform
- Established an in-house distribution platform
- Achieved greater capital efficiency
- Optimising co-investment ratio
- Increased FMC operating margin

FY19 – FY23 Recognised as the leading European specialist asset manager

- Increased fundraising target of three year rolling average €6.0bn per annum
- FMC becomes dominant profit contributor
- FMC operating margin to exceed 43%
- Selectively expand number of strategies, and optimise profit from existing strategies
- Optimise balance sheet to drive growth in the fund manager
- Maintain an efficient capital base
- Dividends linked to FMC profit

Interest rates

Rising interest rates benefit ICG

Fundraising

- Long term structural trend towards alternatives predicted to remain
- Alternatives will continue to offer vastly superior returns on traditional asset classes

Deployment

- Flexible mandates allow us to deploy at appropriate risk/return
- Lending at floating rates so rising rates would enhance returns for clients

Performance

- Companies performing well and leverage levels are below pre financial crisis
- Underlying portfolio companies are required to hedge their interest costs

Balance Sheet

- Balance sheet hedged; gearing within 0.8x – 1.2x target levels
- Lending at floating rates, borrowings at fixed rate

Financial Review



Financial highlights

Fund Management Company profit up 45%

£m		6 months to 30 September 2018	12 months to 31 March 2018	6 months to 30 September 2017
Fund Management Company	Third party fee income	105.4	167.1	77.8
	IC management fee	10.0	17.8	8.3
	Other income	16.9	25.2	12.3
	Operating costs	(67.9)	(114.8)	(54.1)
	FMC profit	64.4	95.3	44.3
Investment Company	Net investment returns	185.7	240.1	116.0
	Interest expense	(26.7)	(56.6)	(28.3)
	Operating costs	(43.7)	(86.2)	(42.7)
	IC management fee	(10.0)	(17.8)	(8.3)
	IC profit	105.3	79.5	36.7
Group	Profit before tax¹	169.7	174.8	81.0

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Balance sheet and capital strategy

Efficient balance sheet, well placed to support further growth

£m		30 September 2018	31 March 2018	31 March 2009
Assets	Loans and investments	2,110	1,899	2,943
	Assets for syndication	232	107	-
	Cash	91	248	23
	Other	298	273	96
	Total assets	2,731	2,527	3,062
Liabilities	Borrowings	1,177	1,021	2,077
	Other	184	188	209
	Total liabilities	2,731	2,527	3,062
Other metrics	Gearing ratio	0.86x	0.77x	2.70x
	Debt facilities	1,477	1,503	2,366
	Available headroom	391	730	312
	Cash flows from operating activities	(121)	(49)	(220)

- Balance sheet gearing materially lower than 2009
- Diversified sources and maturities of financing, healthy debt headroom

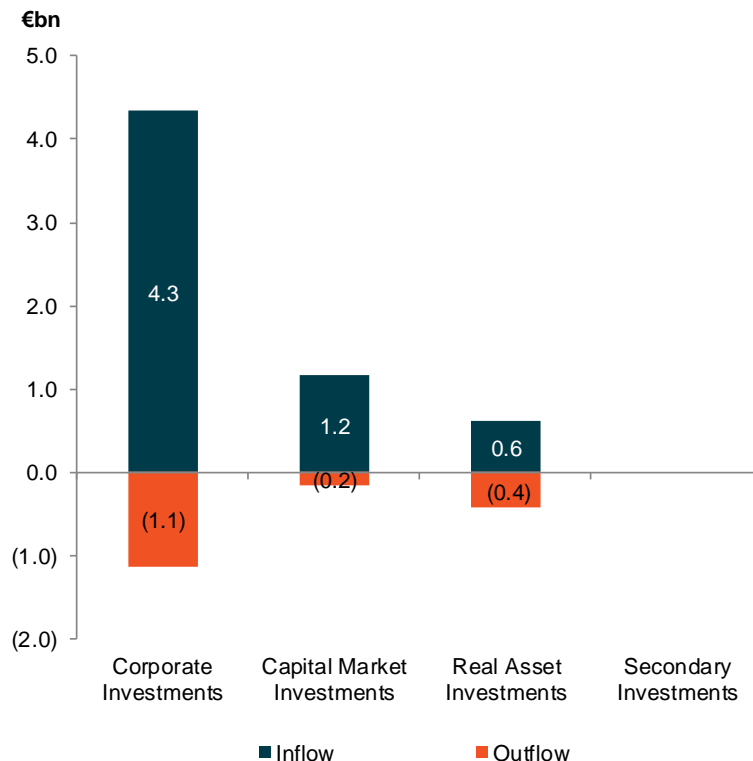
Fund Management Company



Third party assets under management

Third party AUM up 18% to €31.2bn

H1 19 AUM inflows/outflows by strategy



- Third party AUM up €4.7bn in the period; inflows €6.1bn, outflows €1.7bn and €0.3bn FX and other
- Realisations in Corporate Investments arising on the older European and Senior Debt Partners funds
- Fee earning AUM up 24% due to the immediate impact of Europe Fund VII
- Healthy fundraising pipeline, focus on building our smaller and newer franchises

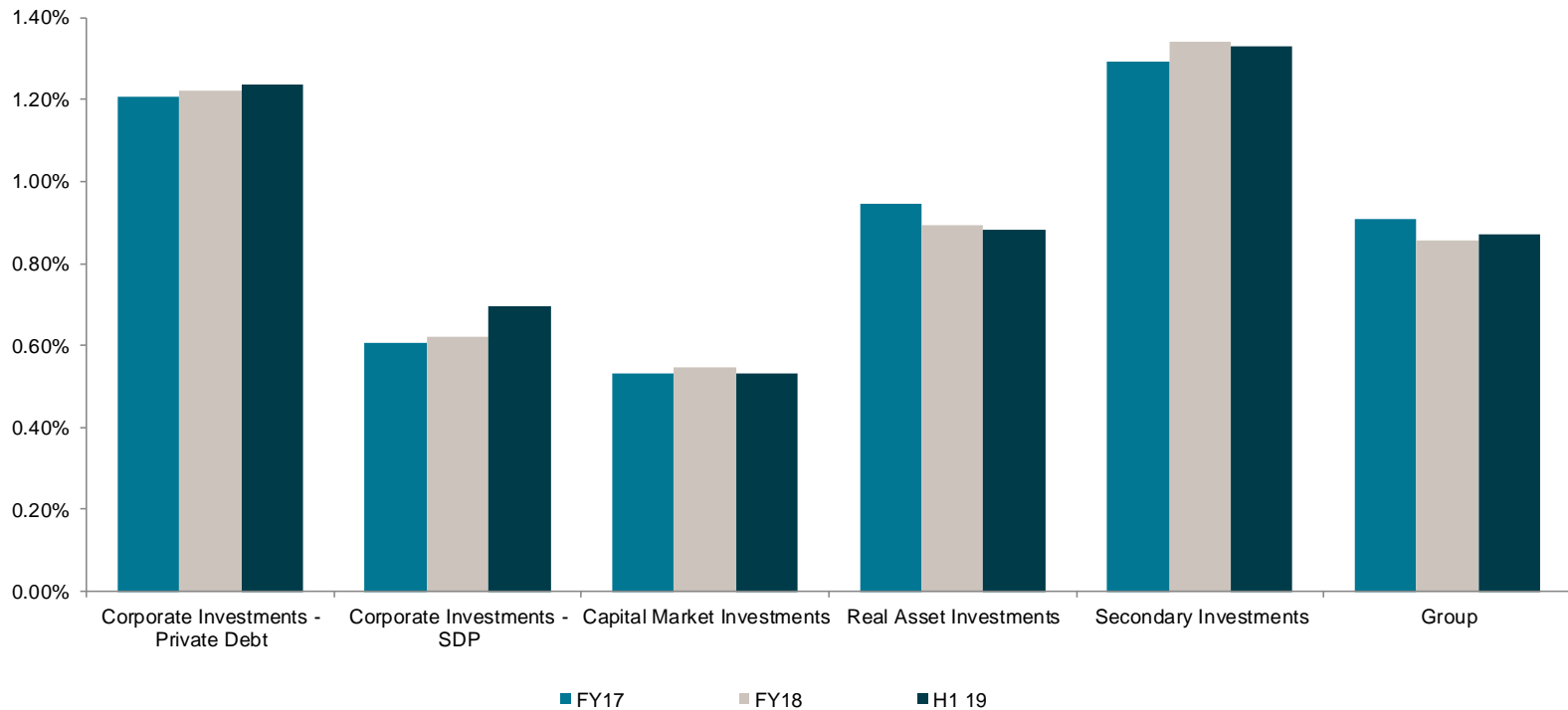
AUM by Business Unit

€m	Fee earning AUM		AUM	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Corporate Investments	12,849	9,227	17,200	13,873
Capital Market Investments	8,835	7,682	8,835	7,683
Real Asset Investments	2,937	2,766	3,631	3,509
Secondary Investments	1,405	1,297	1,562	1,469
	26,026	20,972	31,228	26,534

Fee income

Fee rates maintained across asset classes

Weighted average fee rate¹ by strategy

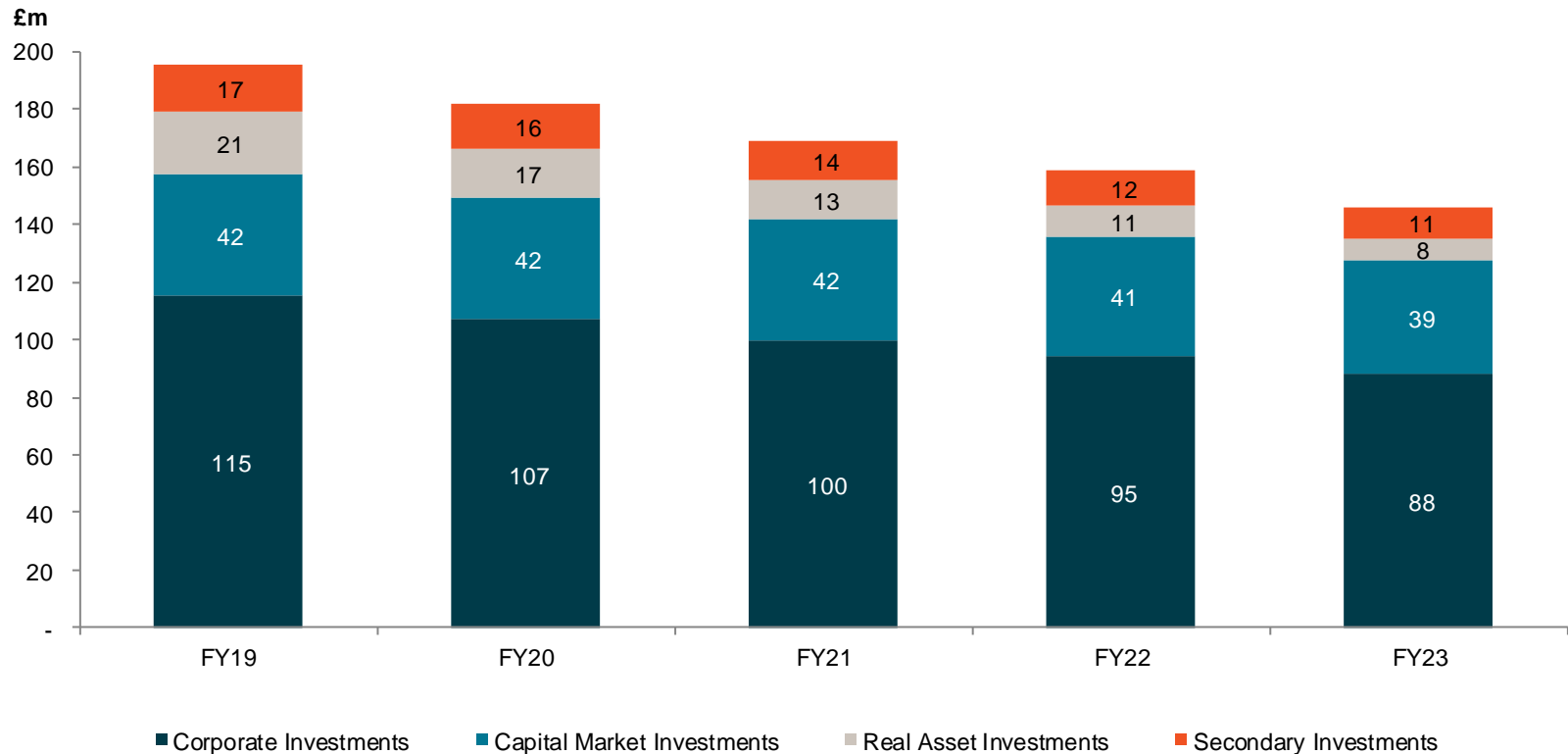


¹ Weighted average fee rates based on average fee earning AUM during the period and excludes any performance fees and catch-up fees

Fee income

Strong visibility of fees from closed end funds model

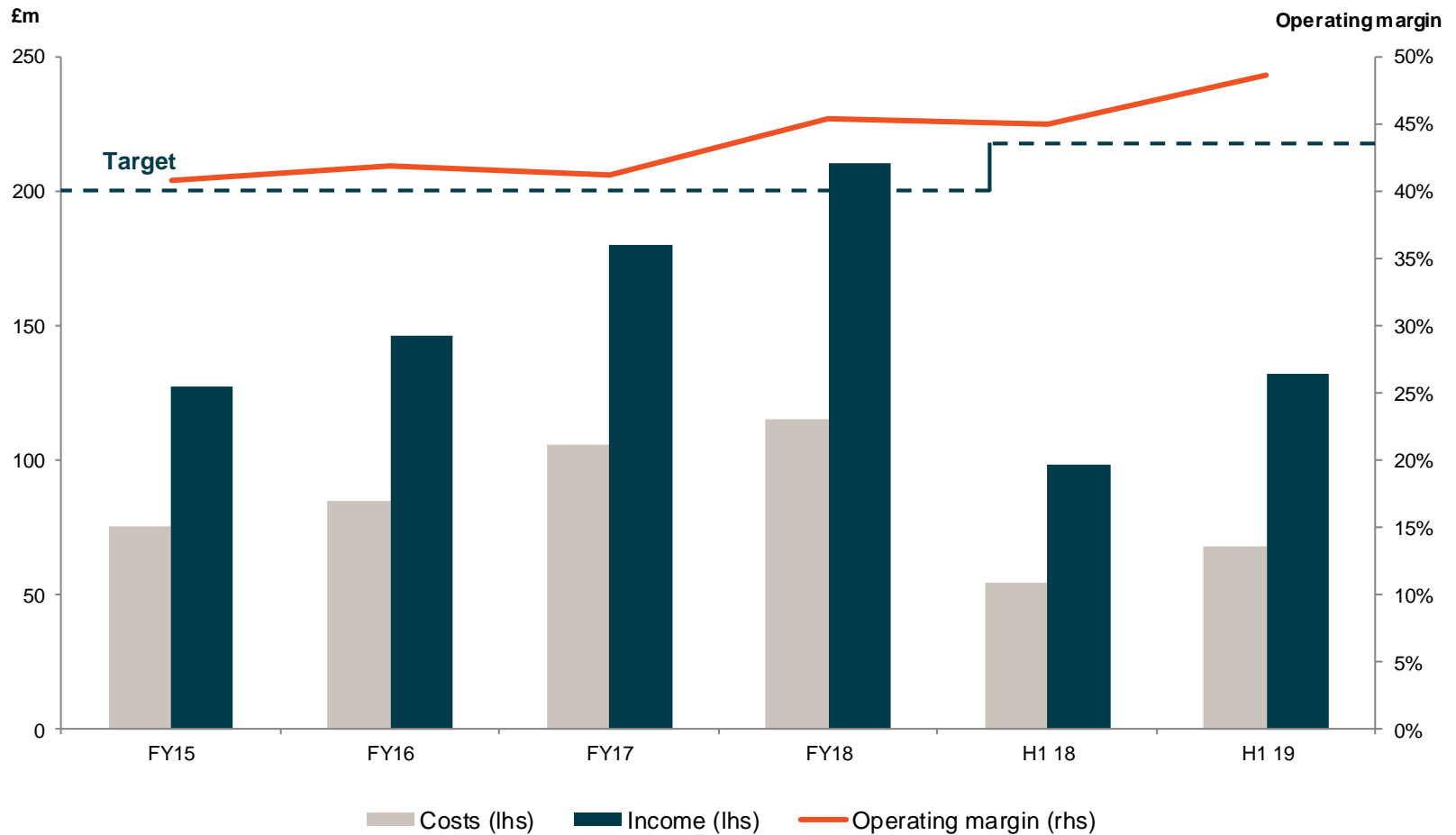
Management fees 'locked in' from current AUM¹



¹Assumes weighted average fee rates of each strategy remain constant throughout 5 year period. Deployment and realisation of funds are in line with standard profile for each strategy

FMC operating margin

Operating margin above target



FMC operating costs

Increasing operating leverage; costs in line with expectations

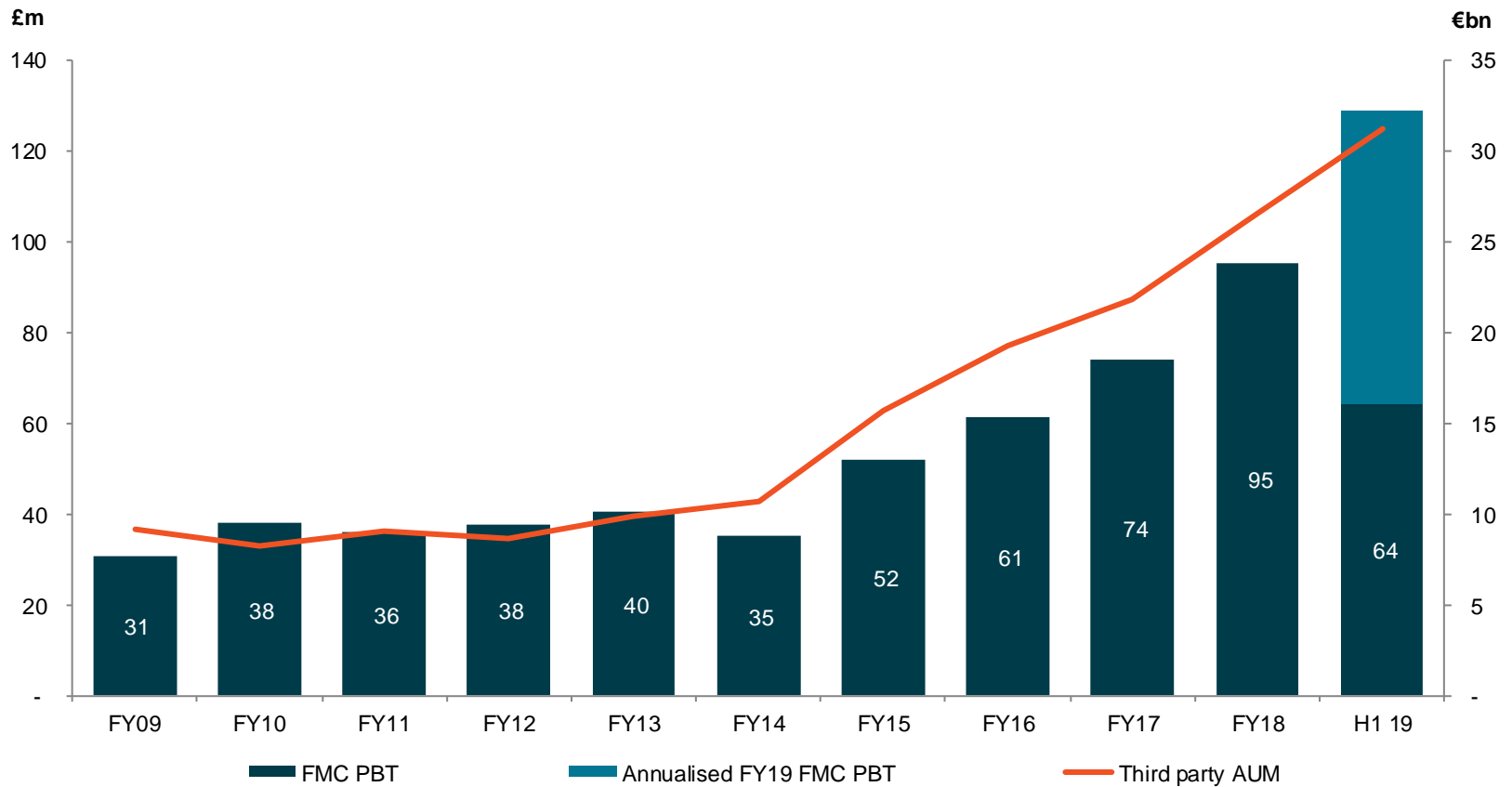
£m	6 months to 30 September 2018	% FMC revenue	6 months to 31 March 2018	% FMC revenue	6 months to 30 September 2017	% FMC revenue
Investment team staff costs	15.2	11%	14.1	13%	13.9	14%
Marketing staff costs	3.0	2%	2.6	2%	2.6	3%
Infrastructure staff costs	5.4	4%	4.7	4%	4.2	4%
Staff costs	23.6	17%	21.4	19%	20.7	21%
Cash incentives	12.3	9%	15.0	13%	9.7	10%
Deferred awards	10.0	8%	8.0	7%	8.1	8%
Incentive schemes	22.3	17%	23.0	20%	17.8	18%
Other non staff costs	18.8	14%	15.2	14%	14.2	14%
Placement fees	3.2	2%	1.1	1%	1.4	1%
Total	67.9	50%	60.7	54%	54.1	54%

- Continue to invest in our investment, distribution and infrastructure teams
- Non staff costs include one off legal fees incurred to extend the life of a small number of CLO's

FMC profit trend

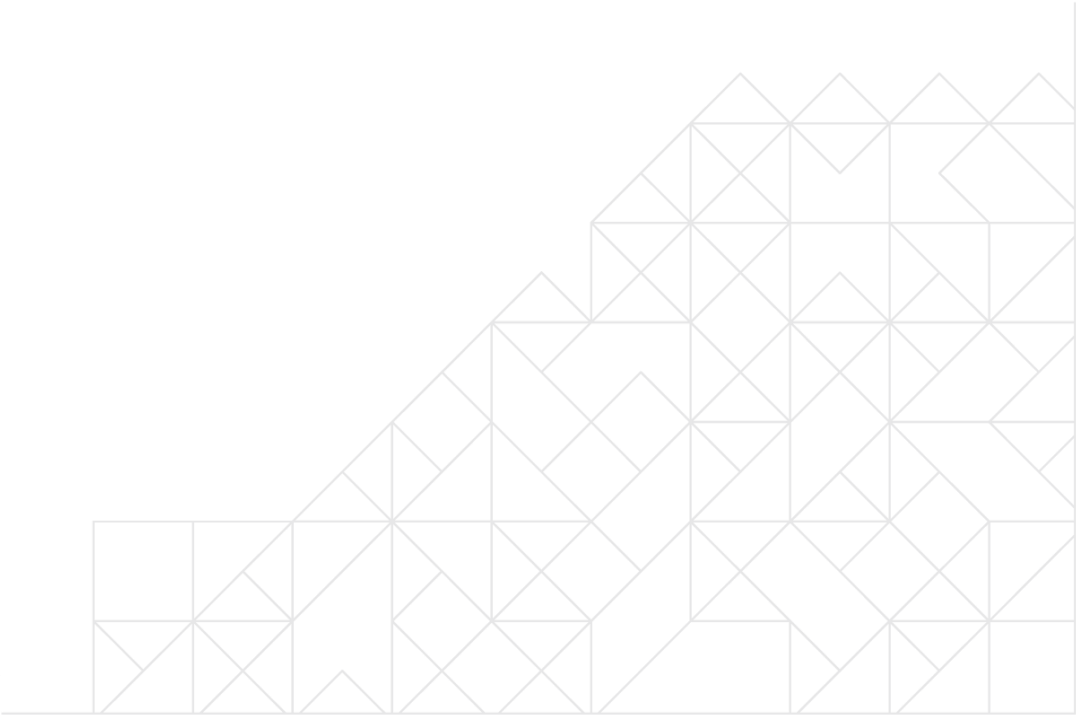
Strategic delivery as profits growing year on year

FMC profit before tax and AUM trend



Note: Annualised FY19 FMC PBT is H1 19 multiplied by two. This is not a forecast for full year profit

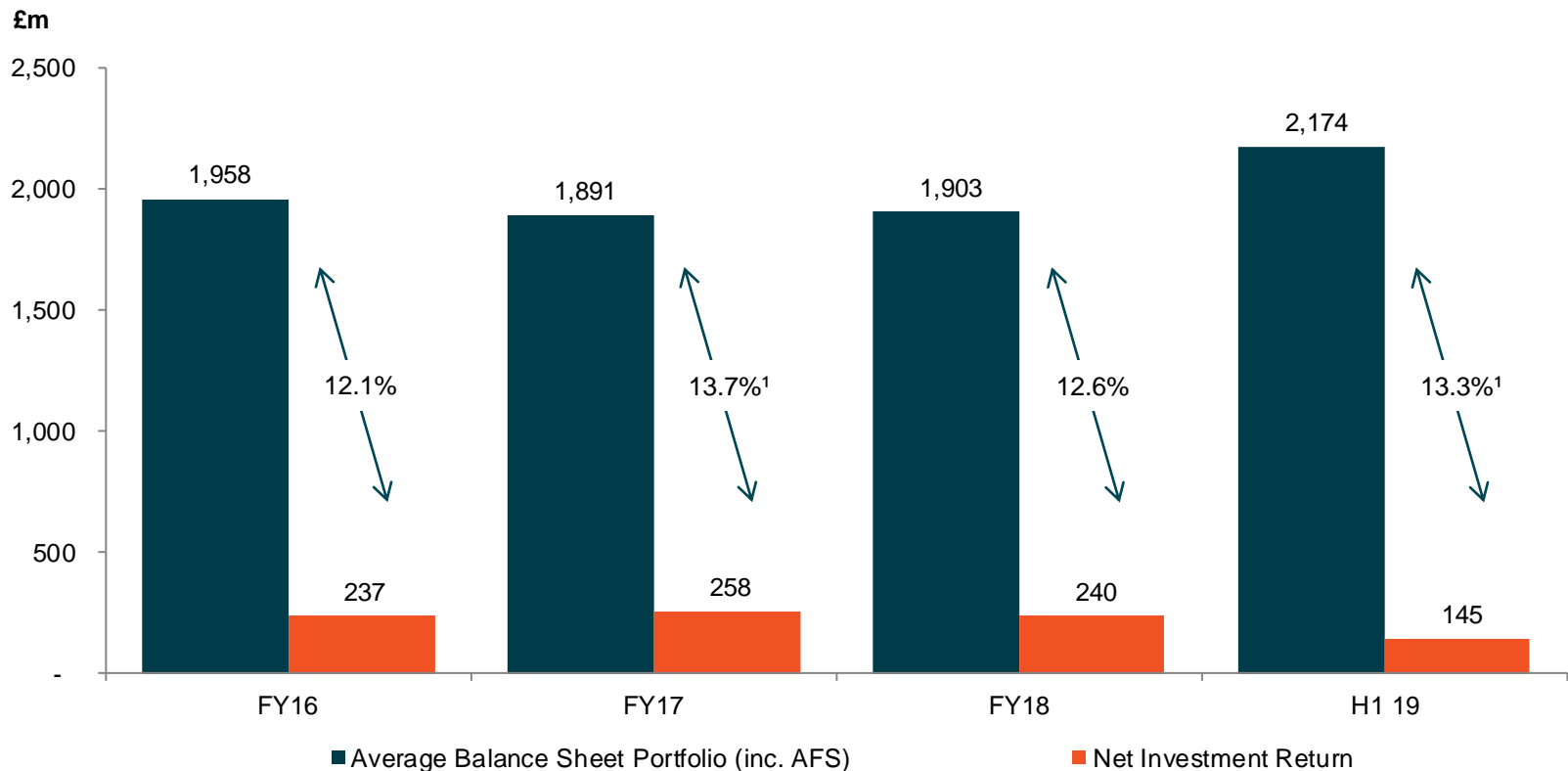
Investment Company



Net investment return

Returns higher mirroring fund performance

Net investment return trend



¹ Net investment returns in FY17 exclude realised gains recycled from AFS. Net investment returns in H1 19 exclude the impact of a legacy asset revalued in line with its listed share price and have been annualised to give 13.3%

Net investment return

Balance sheet portfolio weighted to higher return strategies

Net investment return by fund

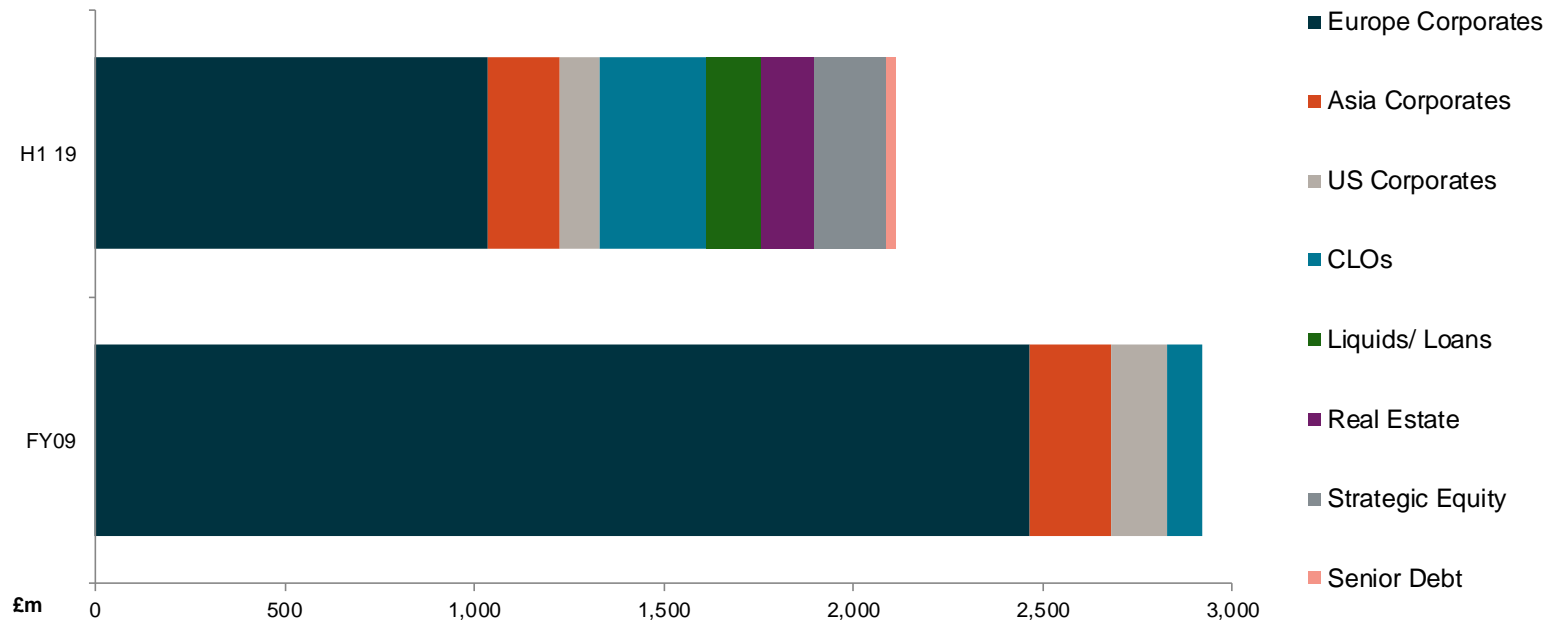
	Net Investment Return	% of total NIR	H1 19 NIR %	Fund returns to date
Europe Fund VI	56.7	30 %	21 %	28 %
Europe Fund V	24.2	13 %	18 %	17 %
ICAP III	20.0	11 %	32 %	24 %
Strategic Secondaries II	14.7	8 %	29 %	45 %
North America Private Debt I	7.0	4 %	15 %	18 %
Other	22.0	12 %	N/A	N/A
Sub Total	144.6	78 %	13 %	N/A
Europe Fund IV	41.1	22 %	83 %	15 %
Total	185.7	100 %	N/A	N/A

- Other includes investments in the lower returning capital market and real asset classes

Balance sheet portfolio composition

Diversified portfolio supports growth and downside protection

Balance sheet - strategy split¹



¹ Balance sheet split by strategy excludes AFS

Investment Company costs

Costs stable and in line with expectations

£m	6 months to 30 September 2018	6 months to 31 March 2018	6 months to 30 September 2017
Staff costs	4.0	5.2	5.9
Cash incentives	12.4	9.9	14.8
Deferred awards	22.9	22.6	16.7
Incentive schemes	35.3	32.5	31.5
Amortisation	1.1	1.2	1.1
Other non staff costs	3.3	4.6	4.2
Total	43.7	43.5	42.7
Business development costs	1.1	2.6	3.0

- Business development costs reflect investment in an infrastructure investment team

FY19 guidance - unchanged

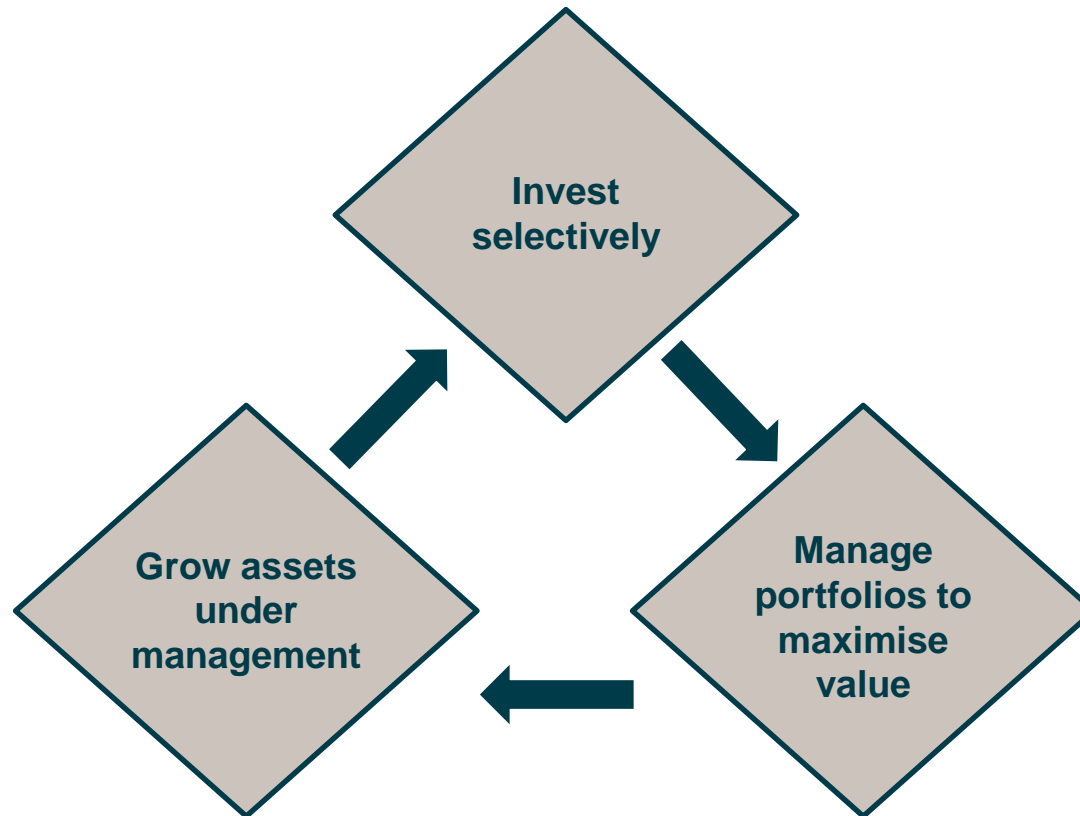
- Fundraising – average €6bn per annum over 3 year rolling period; FY19 expected to exceed this
- FMC operating margin – above 43%
- Performance fees to average £20-25m per annum
- Net investment return – averaging 11.5%
- Balance sheet portfolio – average c£2bn with co-investment ratio trending downwards
- Gearing to increase with investment in new strategies to within the range of 0.8-1.2x
- Tax rate – low single digit effective tax rate
- Ordinary dividend representing 80-100% of post tax FMC profit

Operating Review



Our strategy

To grow our specialist asset management activities

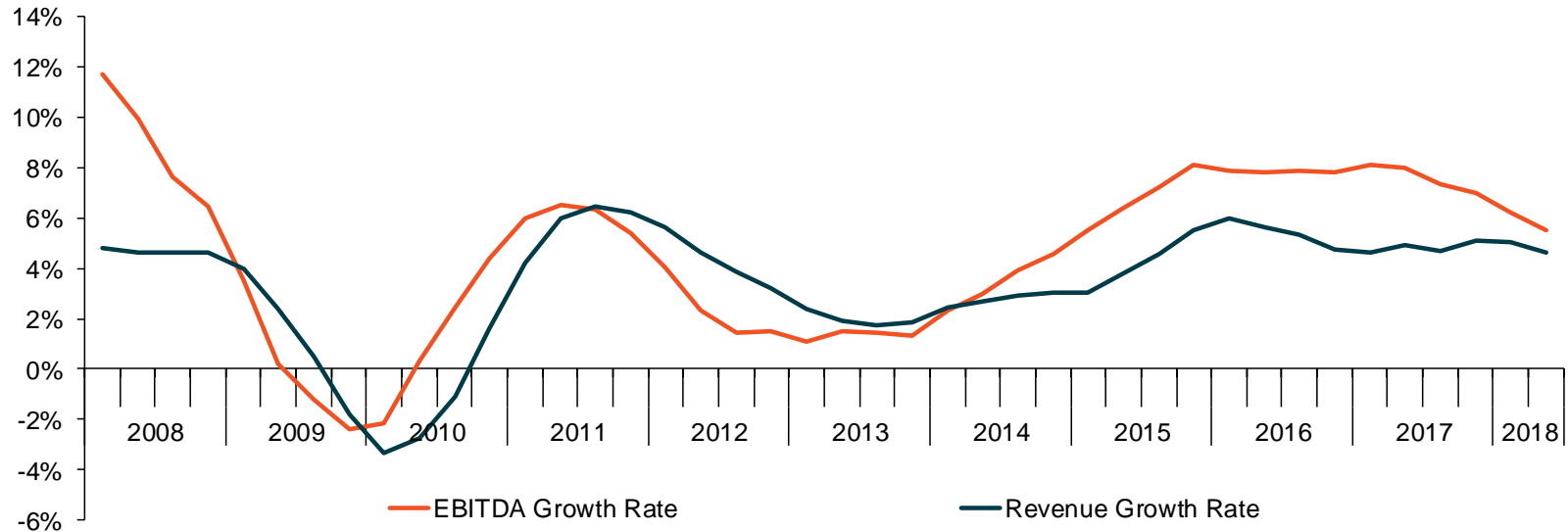


Generate strong shareholder returns to invest in growth and pay sustainable dividends

Investment markets

Private company growth supports portfolio performance

European revenue and EBITDA growth

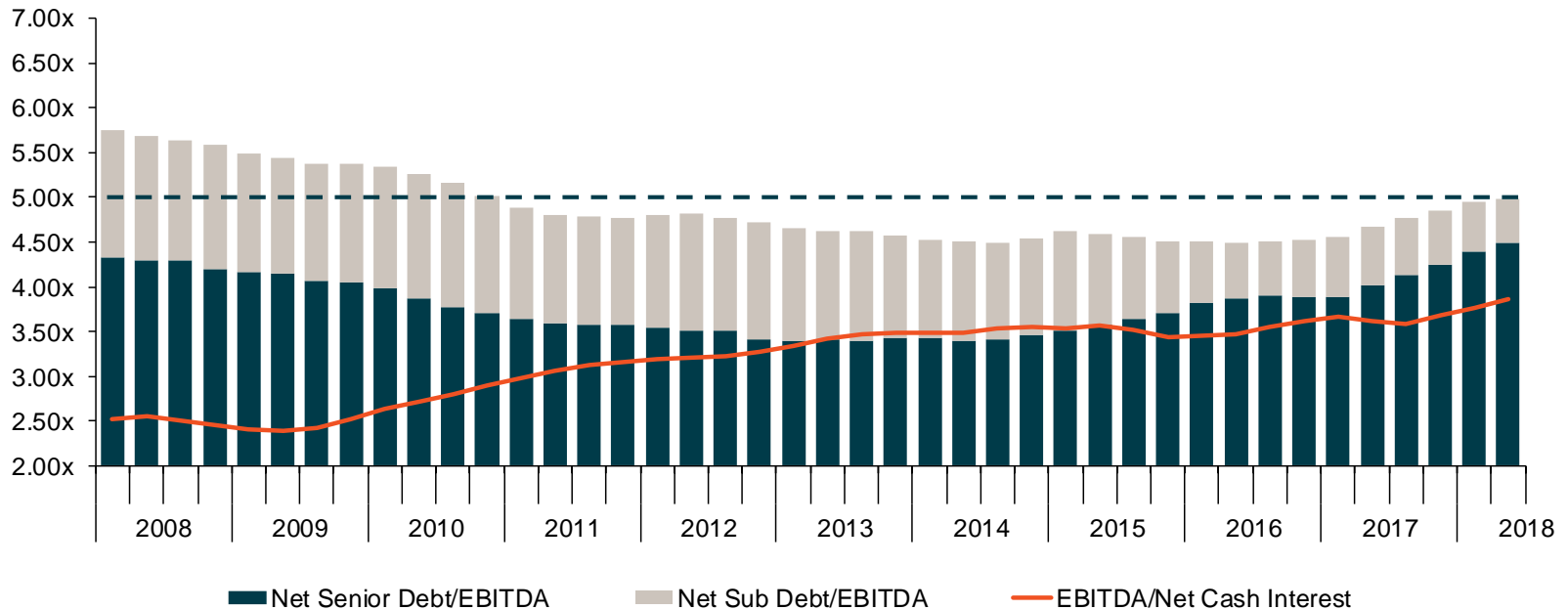


Source: ICG European Private Company Trends; September 2018

Investment markets

Credit fundamentals strong; 10 year high interest coverage

European leverage and interest coverage

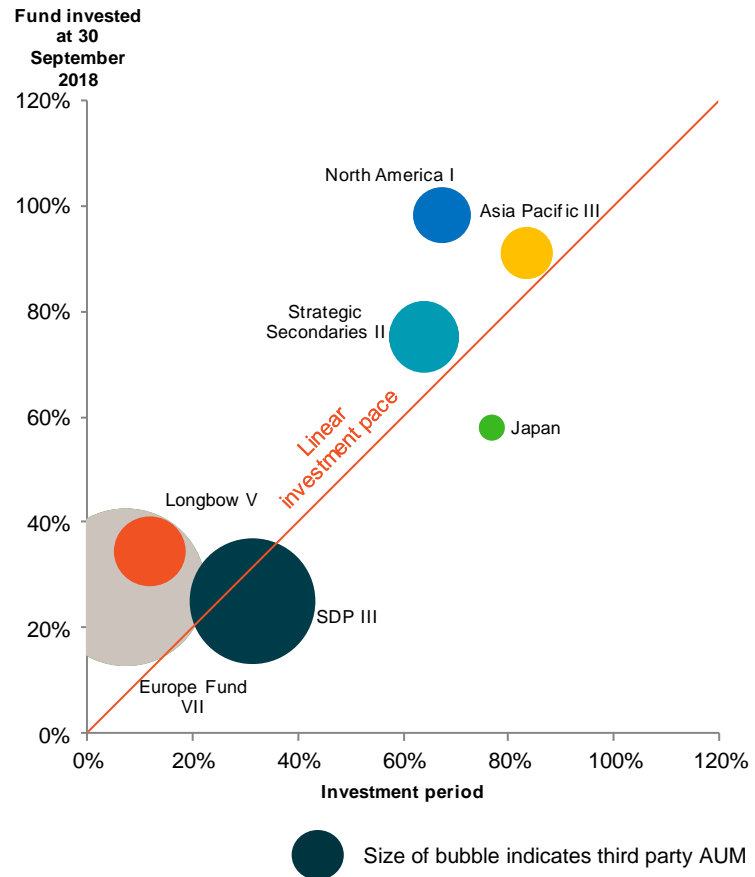
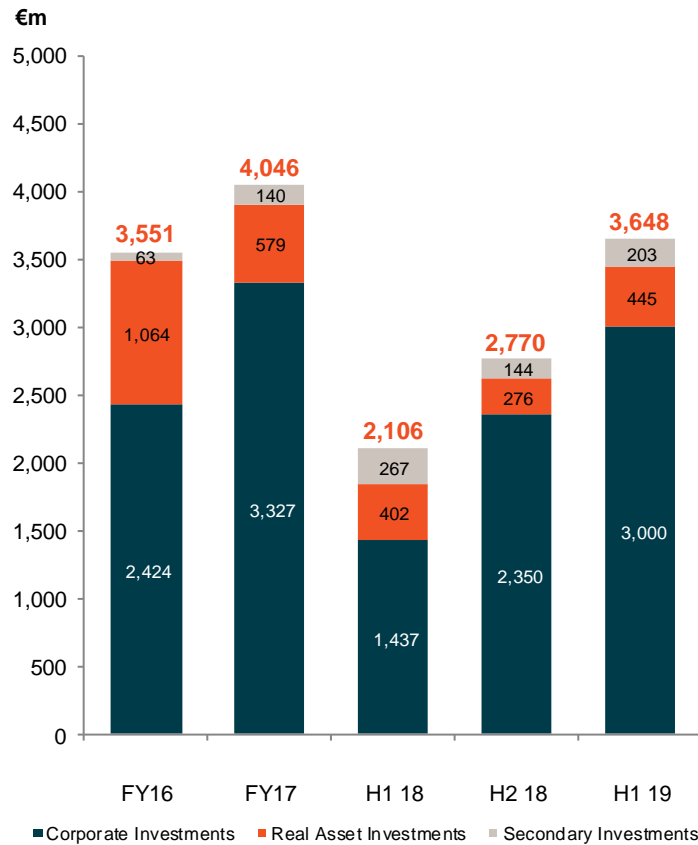


Source: ICG European Private Company Trends; September 2018

Investing our direct investment funds

Capital deployment strong across strategies

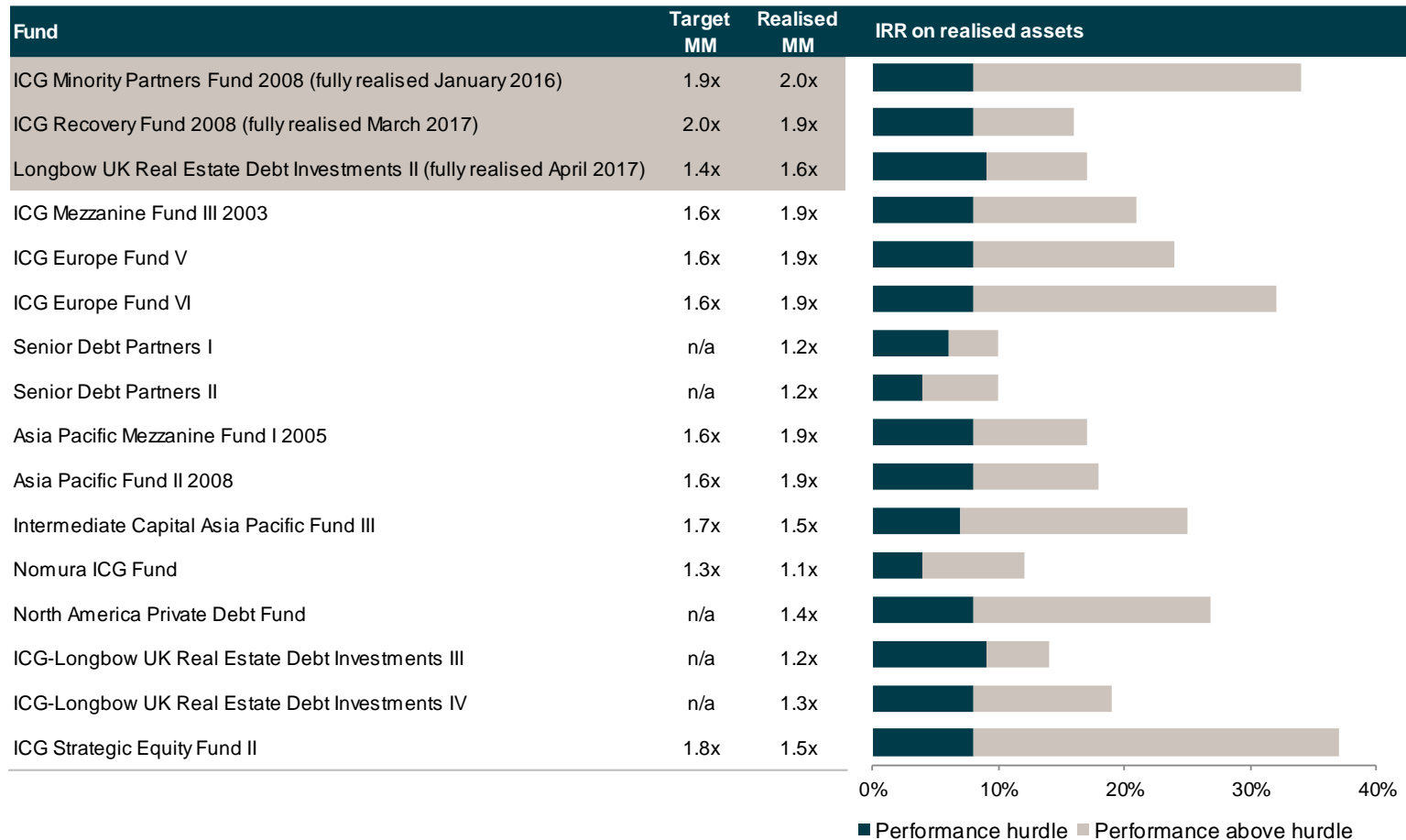
Direct investment funds¹



¹ Amounts invested include third party and balance sheet capital

Fund performance

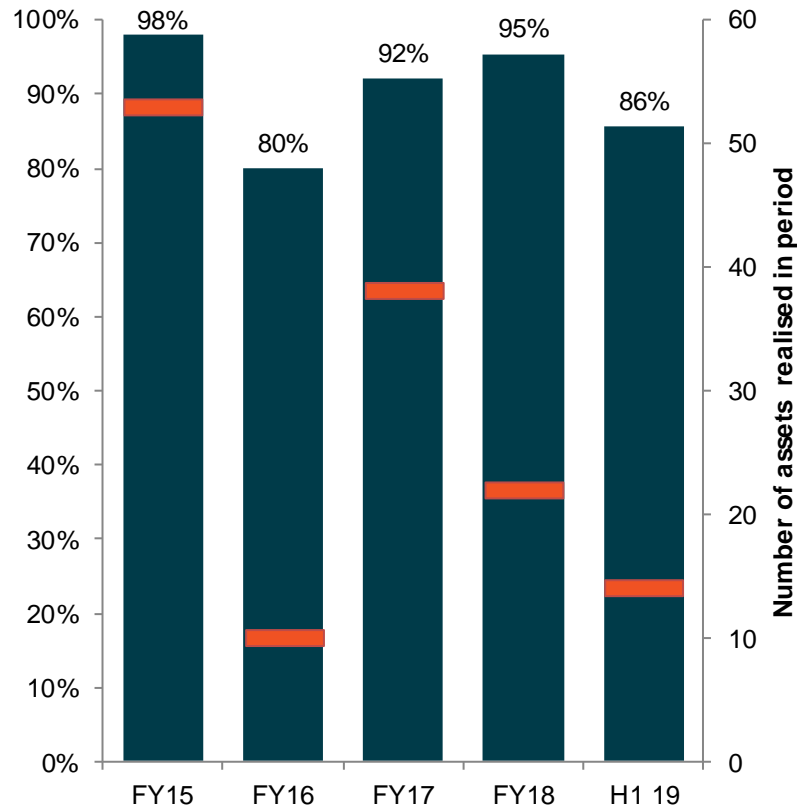
Portfolio performance provides platform for future fundraising



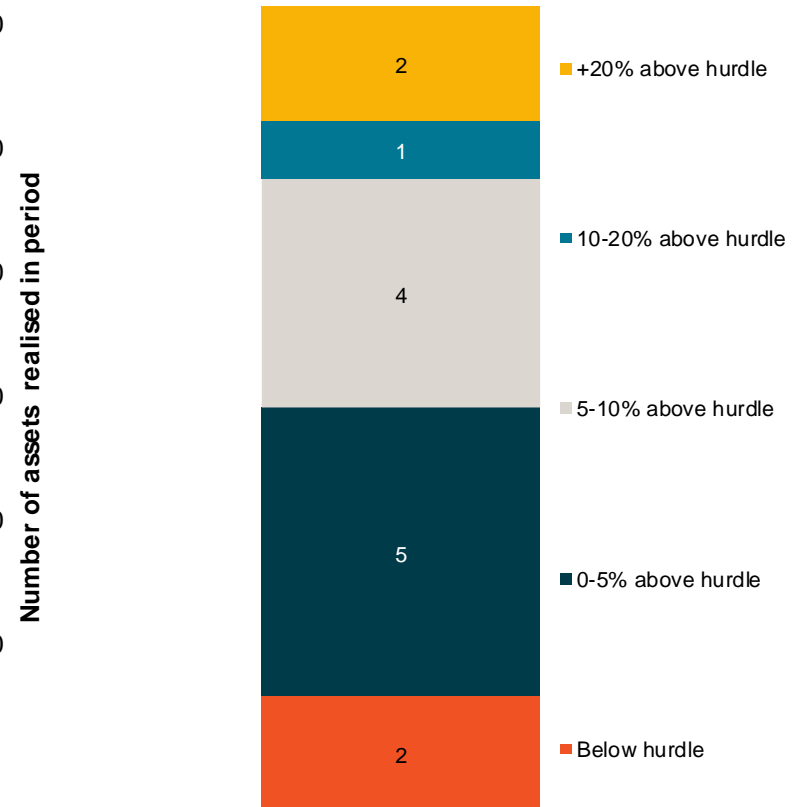
Fund performance

Realising assets locks in investment returns track record

Percentage of realised assets exceeding hurdle rate



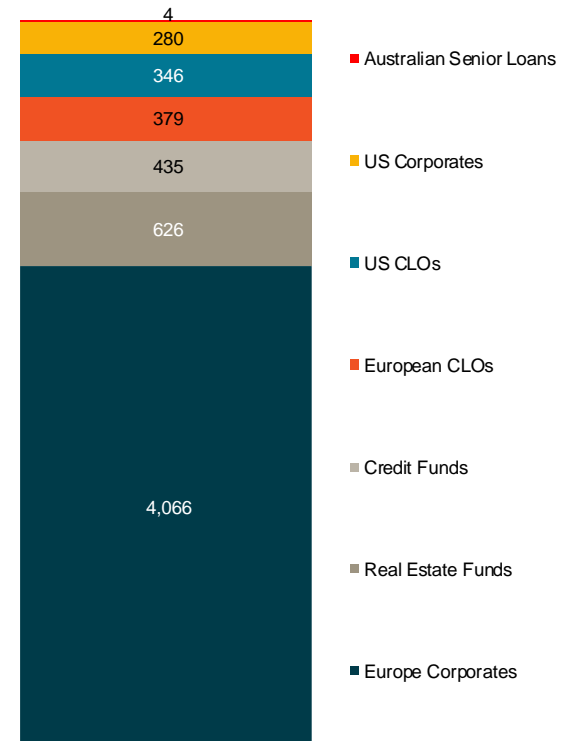
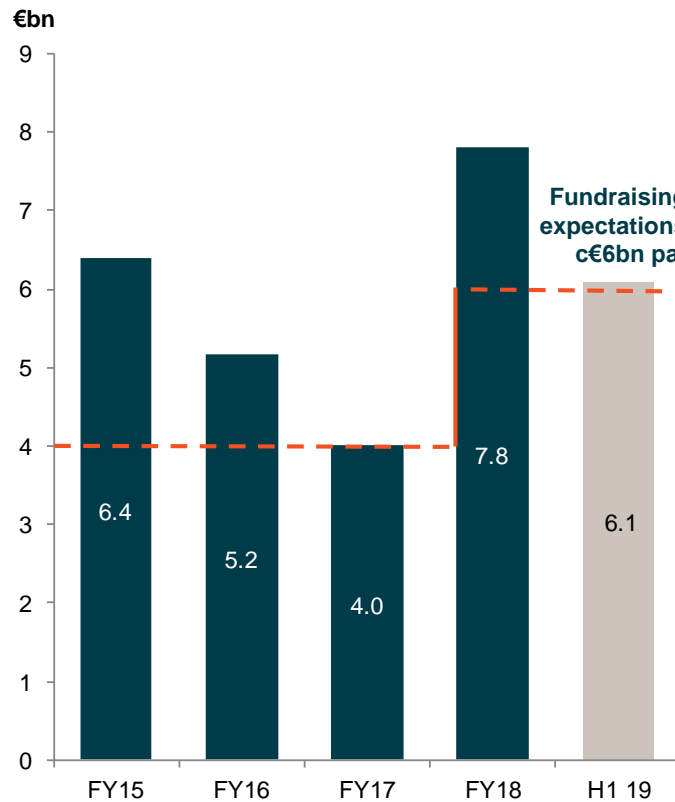
H1 19 realised assets; performance against hurdle



Fundraising

Fundraising totals €19.9bn over 3 year rolling period

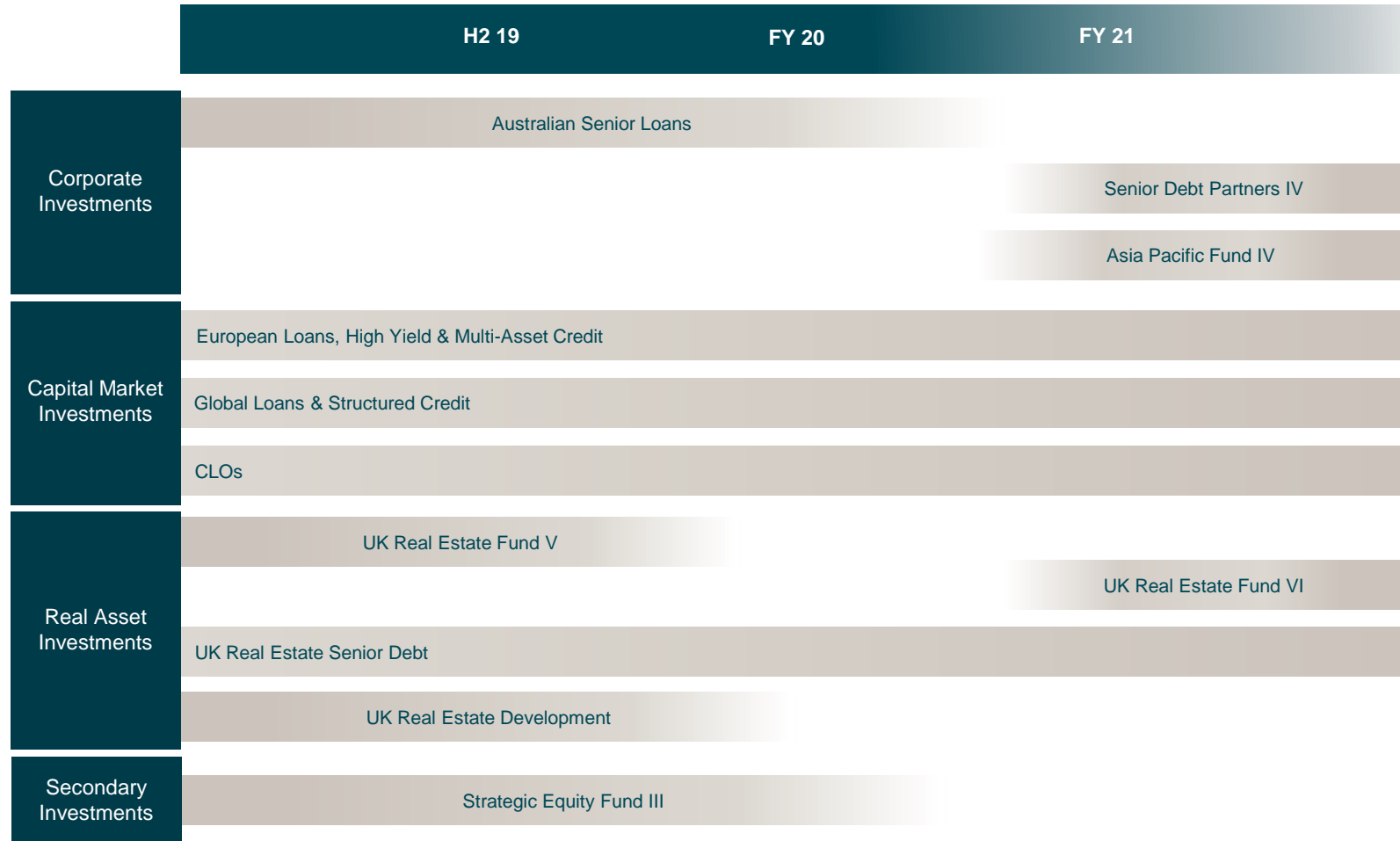
Funds raised in H1 19 by strategy (€m)



¹ Average over a three year rolling period

Fundraising outlook

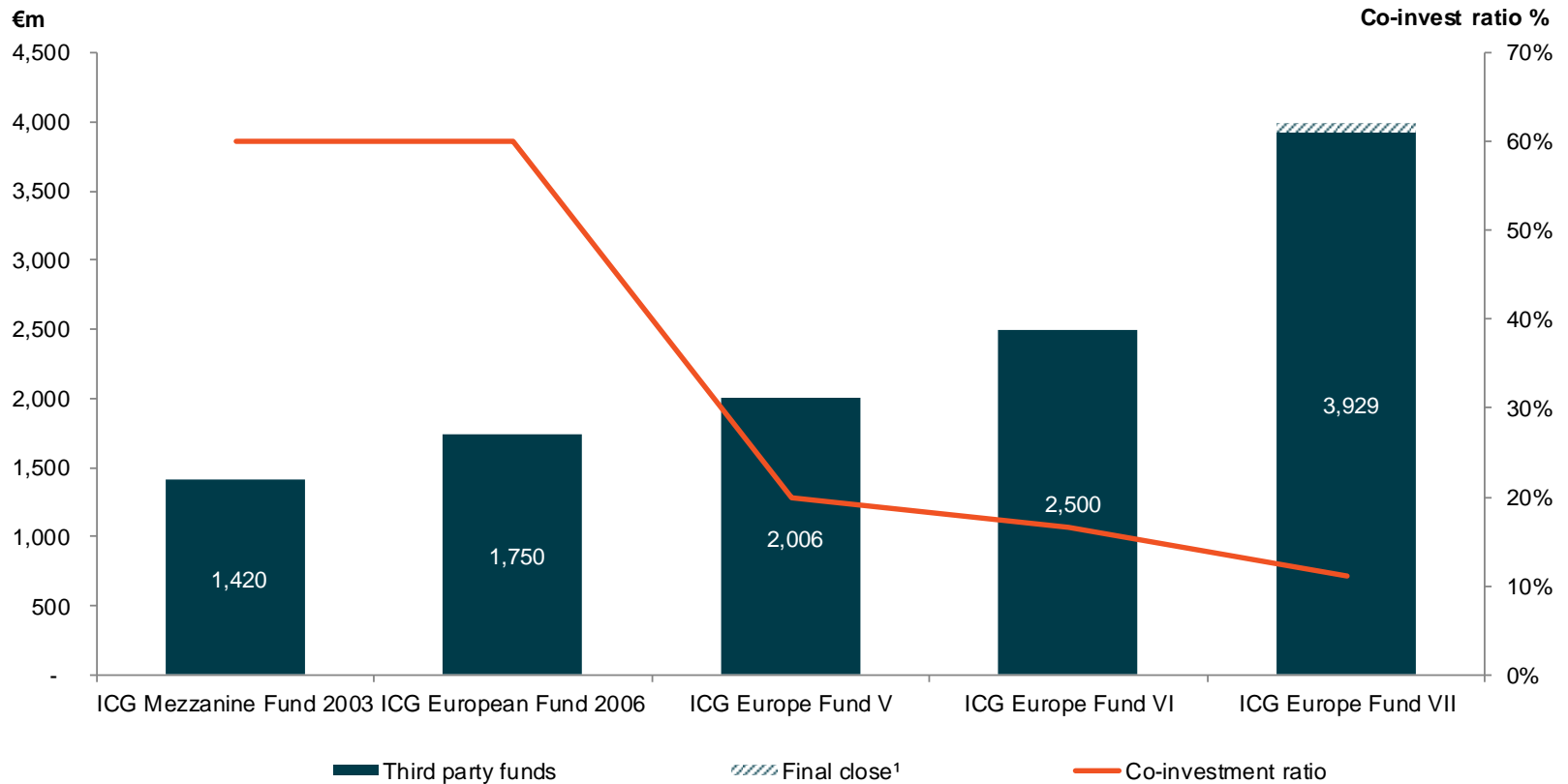
Fundraising focus on newer and smaller strategies



Fundraising – Europe Fund VII

Larger fund provides access to new investment opportunities

Fundraising history

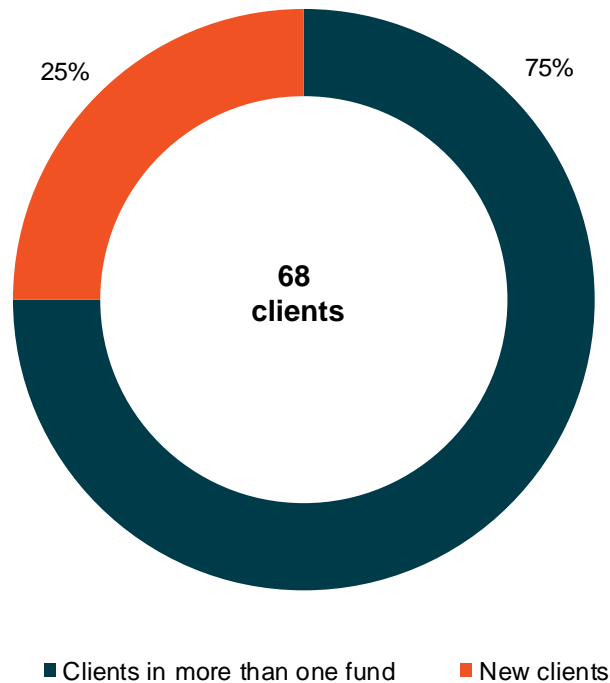


¹ Europe Fund VII closed at €4bn of third party money in November 2018

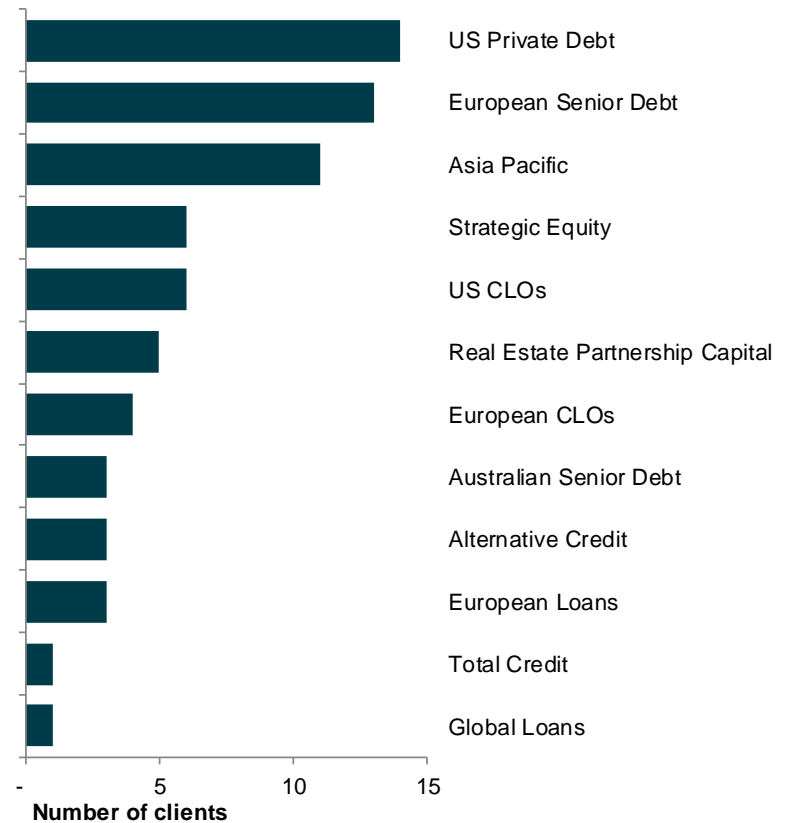
Fundraising – Europe Fund VII

Deepening & broadening client relationships creates value

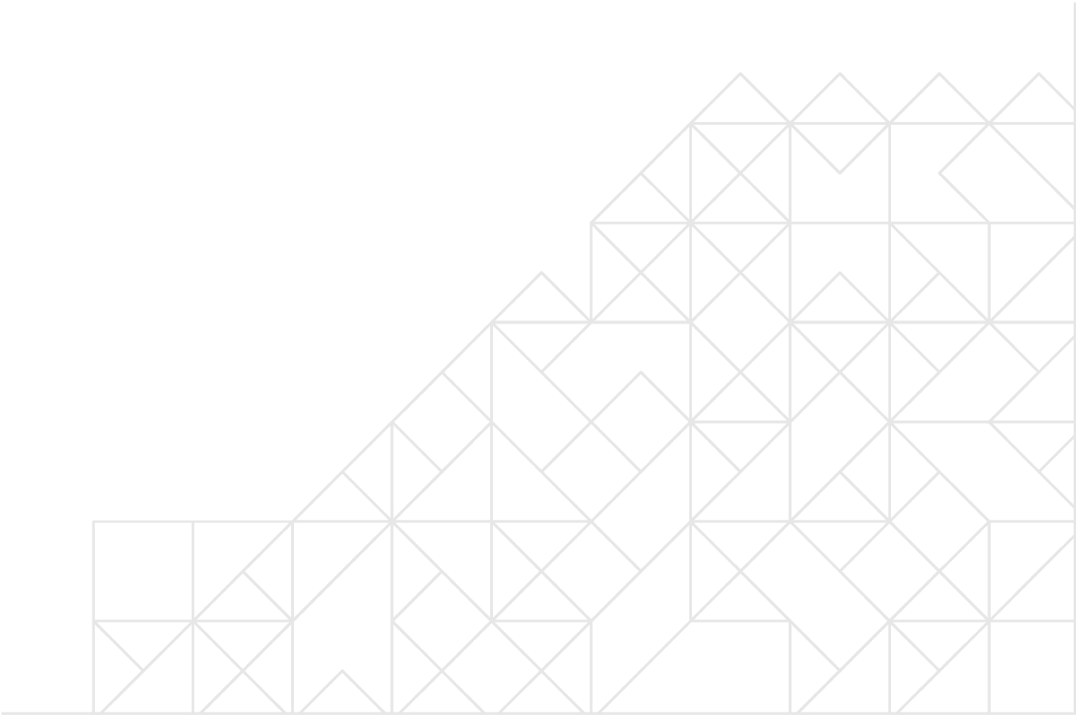
Europe VII clients in more than one fund



Strategies invested in by Europe VII clients



Wrap Up Q&A



Wrap up

Well positioned for further growth, with downside protection

Grow assets under management

- Europe Fund VII record fundraise driving €6.1bn of inflows
- Focus of fundraising to shift to newer and smaller fund strategies

Invest selectively

- All fund strategies investing strongly
- Maintaining investment discipline in a competitive market

Manage portfolios to maximise value

- Portfolios performing well
- Healthy environment for realisations, locking in investment returns and track record

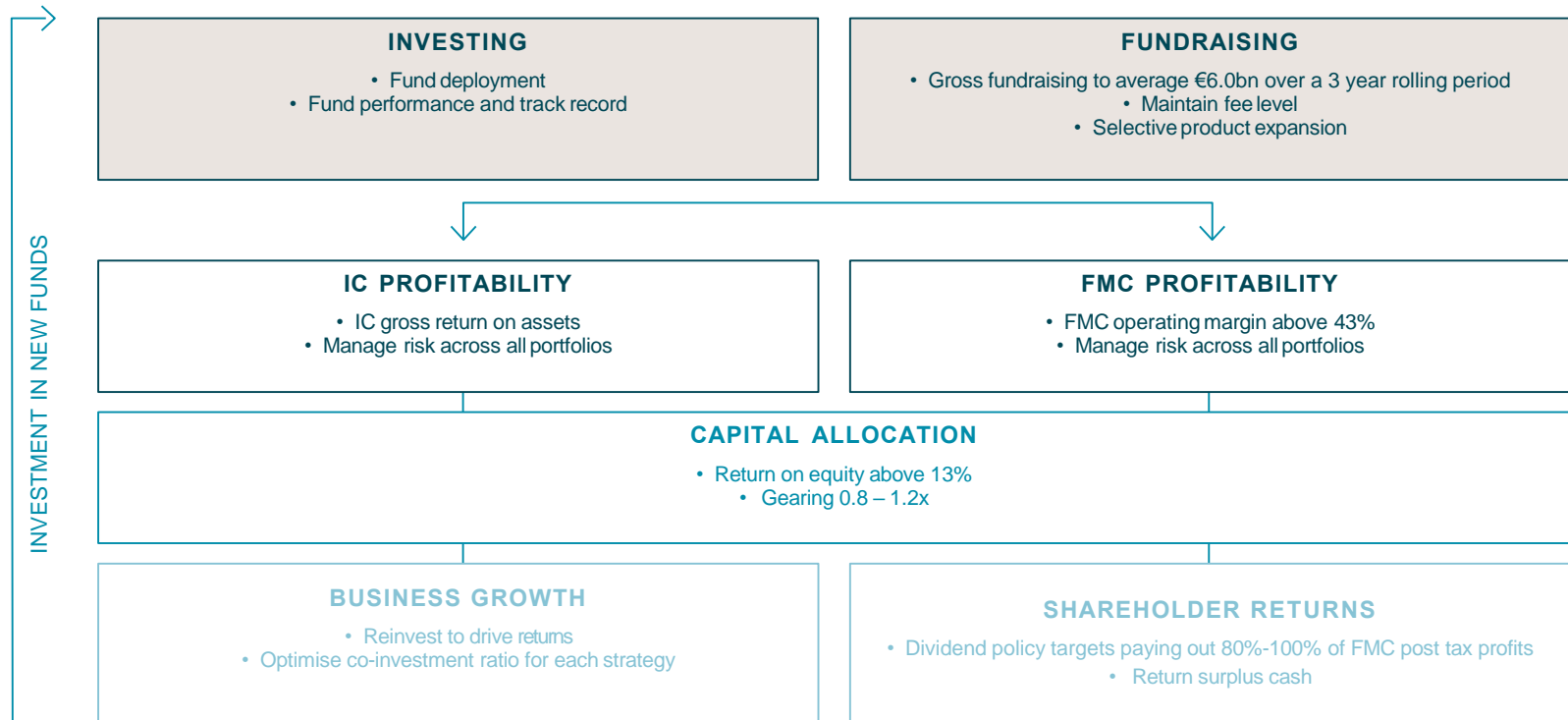
Capital allocation

- Balance sheet flexibility supports growth
- Interim ordinary dividends increased 11.1% to 10.0p per share

Appendix



ICG operating model



Brexit and ICG

Clients

- EU regulated subsidiary in operation
- Access to clients will not be disrupted

People

- Agile workforce with local offices in key markets
- Low number of London employees who do not meet UK residency criteria

Portfolio

- No portfolio companies are dependant on trade between UK and rest of the EU
- Portfolio companies have developed impact assessment and related actions

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