



Full year results presentation

25 May 2017



Operational highlights

Strong performance from new and existing strategies

- Total AUM up 10% to €23.8bn, with €4.0bn of new money raised; third party fee earning AUM up 19% to €18.7bn
- Fundraising performance driven by our newer, diversifying strategies: Strategic Secondaries and Australian Senior Loans; our CLO programme; and a secondary transaction on Recovery Fund 2008
- Fundraising pipeline healthy with a number of our larger strategies expected to be raising successor funds in the new financial year
- Fund investment is on track whilst maintaining investment discipline in a competitive market
- Fund returns benefitting from strong capital gains and robust portfolio performance

Financial highlights

Financial performance driven by strong capital gains

- Fund Management Company profits up 21% to £74.0m (2016: £61.2m), with third party fee income¹ up 27%
- Investment Company profits¹ higher at £163.5m (2016: £114.4m)
- Group profit before tax¹ was £237.5m (2016: £175.6m)
- Earnings per share¹ of 69.3p (2016: 48.1p); Fund Management Company 21.6p (2016: 16.8p) and Investment Company 47.7p (2016: 31.3p)

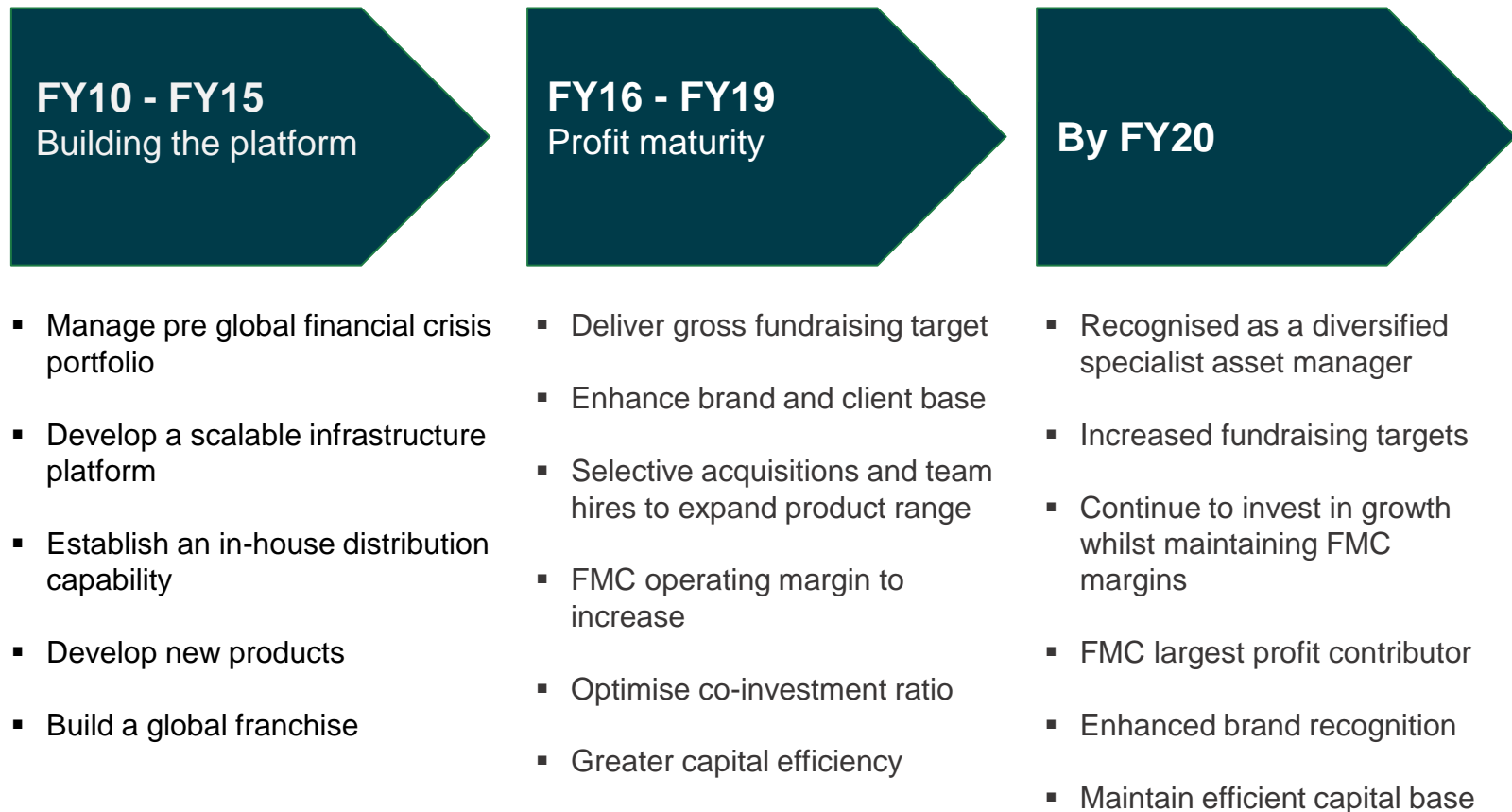
¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY17: £1.3m; FY16: £17.3m). Internally reported numbers exclude the impact of the consolidation of 12 credit funds following the adoption of IFRS 10

Dividends and dividend policy

Dividend rebased and commitment to progressive policy

- Closer alignment of dividend to the growth of the Fund Management Company
- Board intends to recommend an annual dividend which represents a pay-out of 80-100% of that year's post-tax profits of the FMC
- We will use IC post-tax profits, until FMC profits are sufficient to allow us to maintain a progressive dividend
- Currently anticipate recommending growing the dividend per share by 6-8% per annum
- Final ordinary dividend up 23% to 19.5 pence per share
- Total ordinary dividends in the year up 17% to 27.0 pence per share

Strategic priorities



Financial Review



Financial highlights

Fund Management profits up 21% in the year

£m		12 months to 31 March 2017	12 months to 31 March 2016
Fund Management Company	Third party fee income	138.6	108.9
	IC management fee	18.1	18.4
	Other income	23.0	18.9
	Operating costs	(105.7)	(85.0)
	FMC profit	74.0	61.2
Investment Company	Interest income	144.7	126.0
	Dividend & other income	14.7	21.4
	Net capital gains	201.4	128.6
	Total income	360.8	276.0
	Interest expense	(53.9)	(45.9)
	Operating costs	(77.3)	(57.9)
	IC management fee	(18.1)	(18.4)
	Impairments	(48.0)	(39.4)
	IC profit	163.5	114.4
Group	Profit before tax¹	237.5	175.6

- Accounting standard IFRS 10 requires twelve 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

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Balance sheet and capital strategy

Balance sheet efficiency achieved

£m		31 March 2017	31 March 2016
Assets	Loans and investments	1,712	1,798
	Assets for syndication	90	183
	Cash	490	113
	Other	209	236
	Total assets	2,501	2,330
Liabilities	Borrowings	1,119	866
	Other	209	223
	Shareholders funds	1,173	1,241
	Total liabilities	2,501	2,330
Balance sheet metrics	Gearing ratio	0.95x	0.70x
	Debt facilities	1,600	1,535
	Available headroom	971	781

- 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 total debt 3.8 years with a weighted average costs of 3.9%

Cash flow

Operating cash inflows higher due to realisations

£m	12 months to 31 March 2017	12 months to 31 March 2016
Cash in from realisations and recoveries	716.5	394.3
Cash paid to purchase loans and investments	(366.0)	(247.1)
Cash movement in assets held for syndication to funds	153.7	(35.8)
Cash in from fees	148.9	86.3
Cash in from dividends and interest	172.2	170.0
Cash interest paid	(53.0)	(47.0)
Operating expenses paid	(115.0)	(135.1)
Total operating and investing cash flows	657.3	185.6

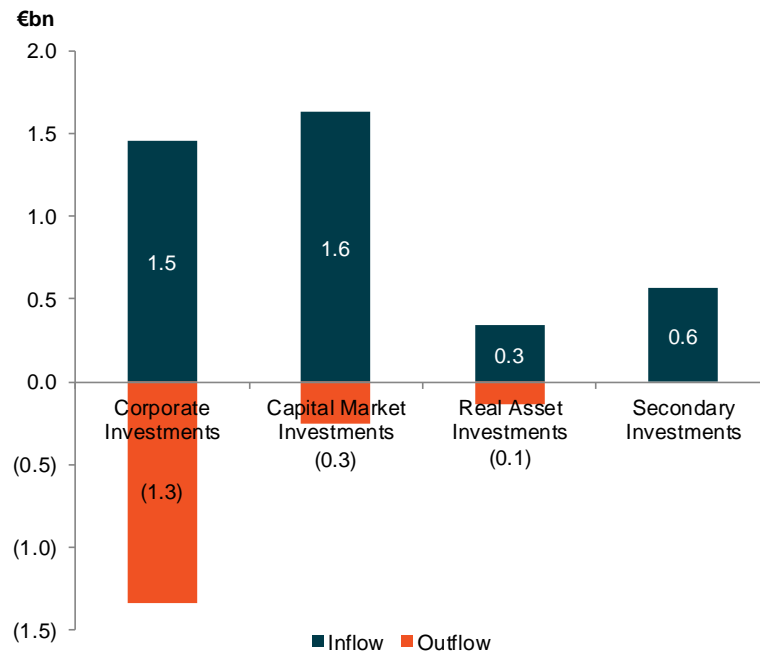
Fund Management Company



Third party assets under management

Fundraising of €4bn increases AUM to €21.8bn

FY17 AUM inflows/outflows by strategy



- Third party AUM up 13% and fee earning AUM increased 19% since FY16
- Total net increase €2.5bn; inflows €4.0bn; outflows €1.7bn and €0.2bn FX and other
- Realisations in corporate investments primarily arising on older European and Asia mezzanine funds
- FY18 focus on successor funds to corporate investment and real estate strategies and liquid strategies

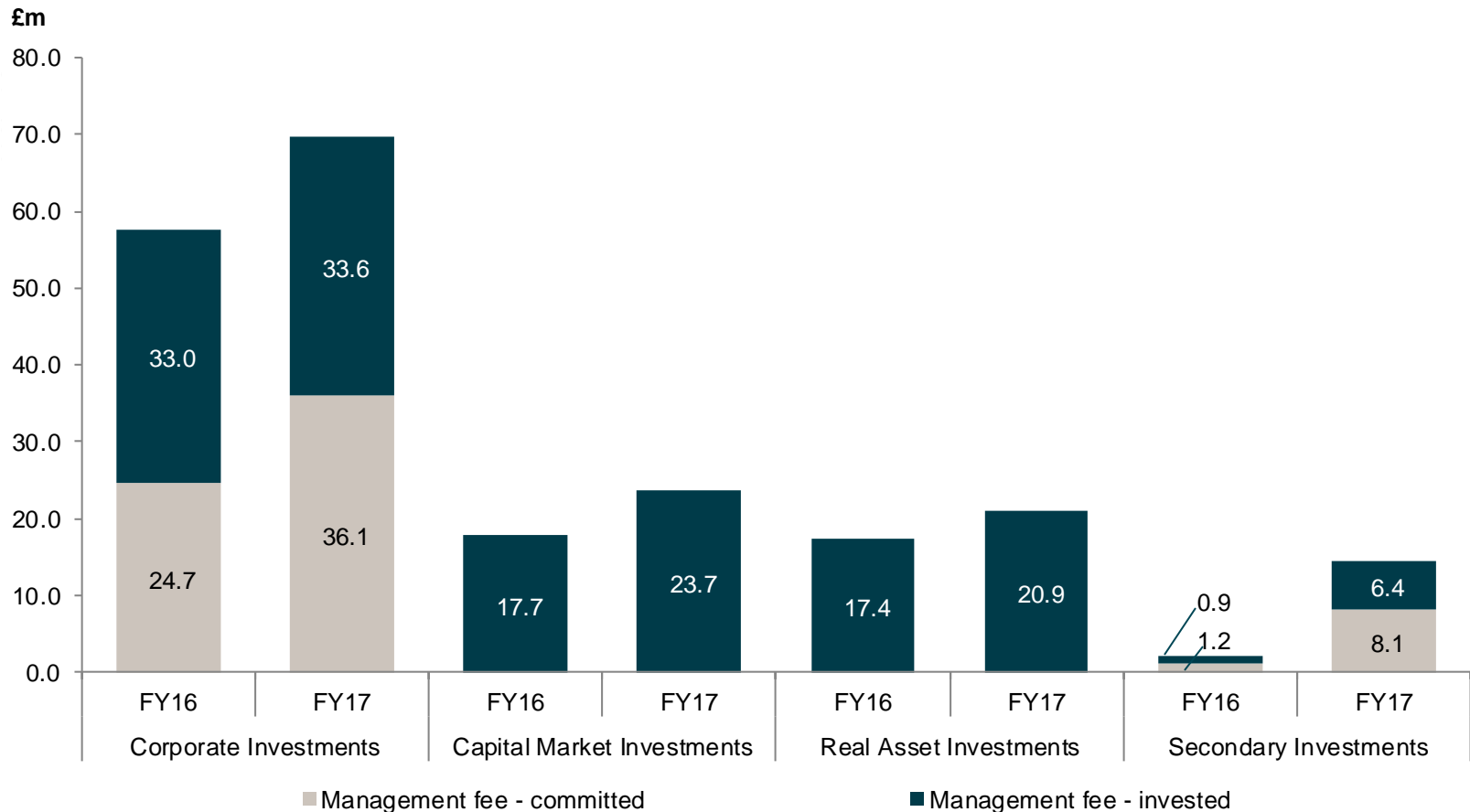
AUM by Business Unit

€m	Fee earning AUM		AUM	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Corporate Investments	8,516	7,891	10,805	10,431
Capital Market Investments	6,171	4,637	6,171	4,637
Real Asset Investments	2,667	2,521	3,290	3,305
Secondary Investments	1,388	708	1,551	939
	18,742	15,757	21,817	19,312

Management fee income

Management fee income increasing across all asset classes

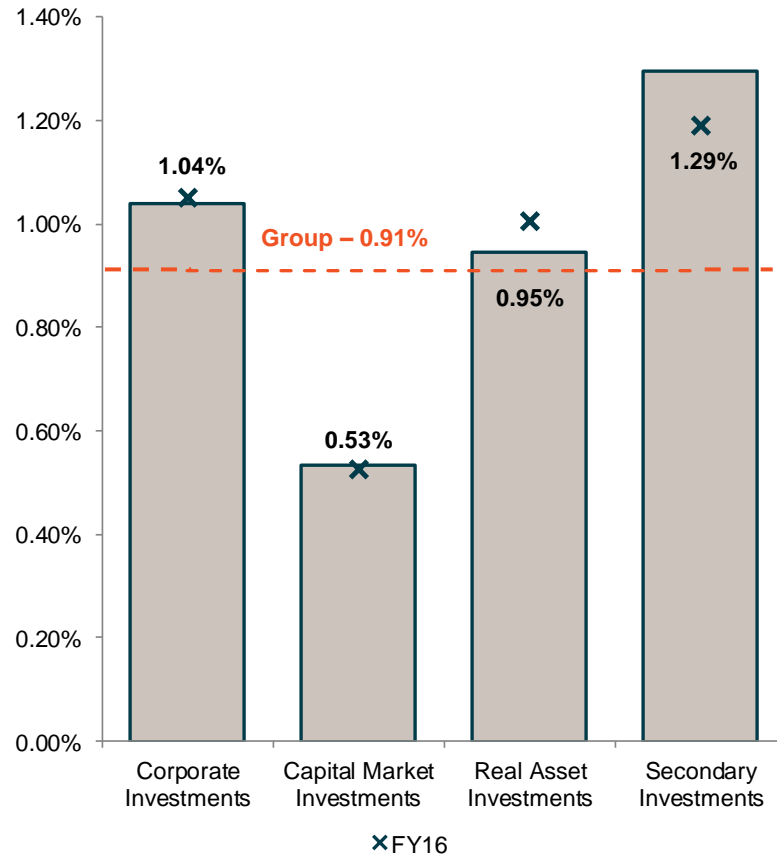
Third party management fee income



Fee income

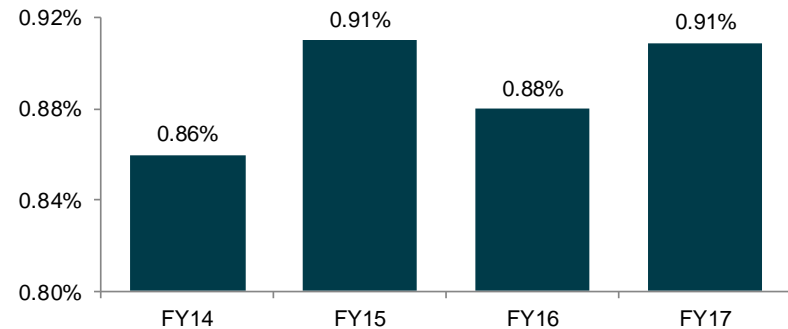
Fee rates maintained across asset classes

Weighted average fee rate¹ by strategy – FY17



- Fee rates have remained broadly flat over the last four years
- Fee rates continue to be maintained with lower fee rates in capital markets strategies supported by higher fee rates from Secondaries
- Performance fees of £9.8m (2016: £14.0m) are excluded from the weighted average fee calculations

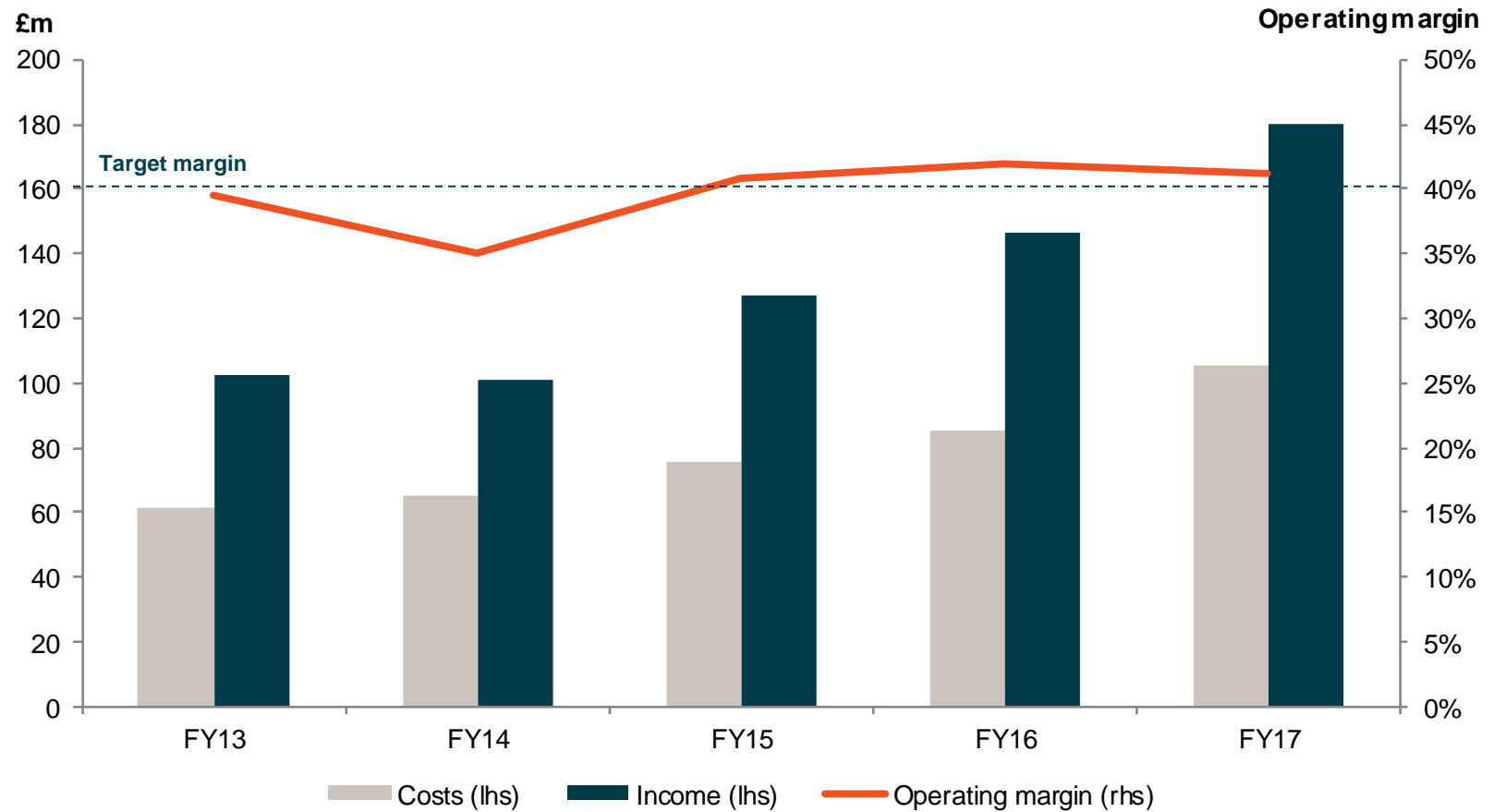
Weighted average fee rates¹



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

FMC operating margin

Operating margin exceeds 40% target



FMC operating costs

Investment in new strategies increasing costs

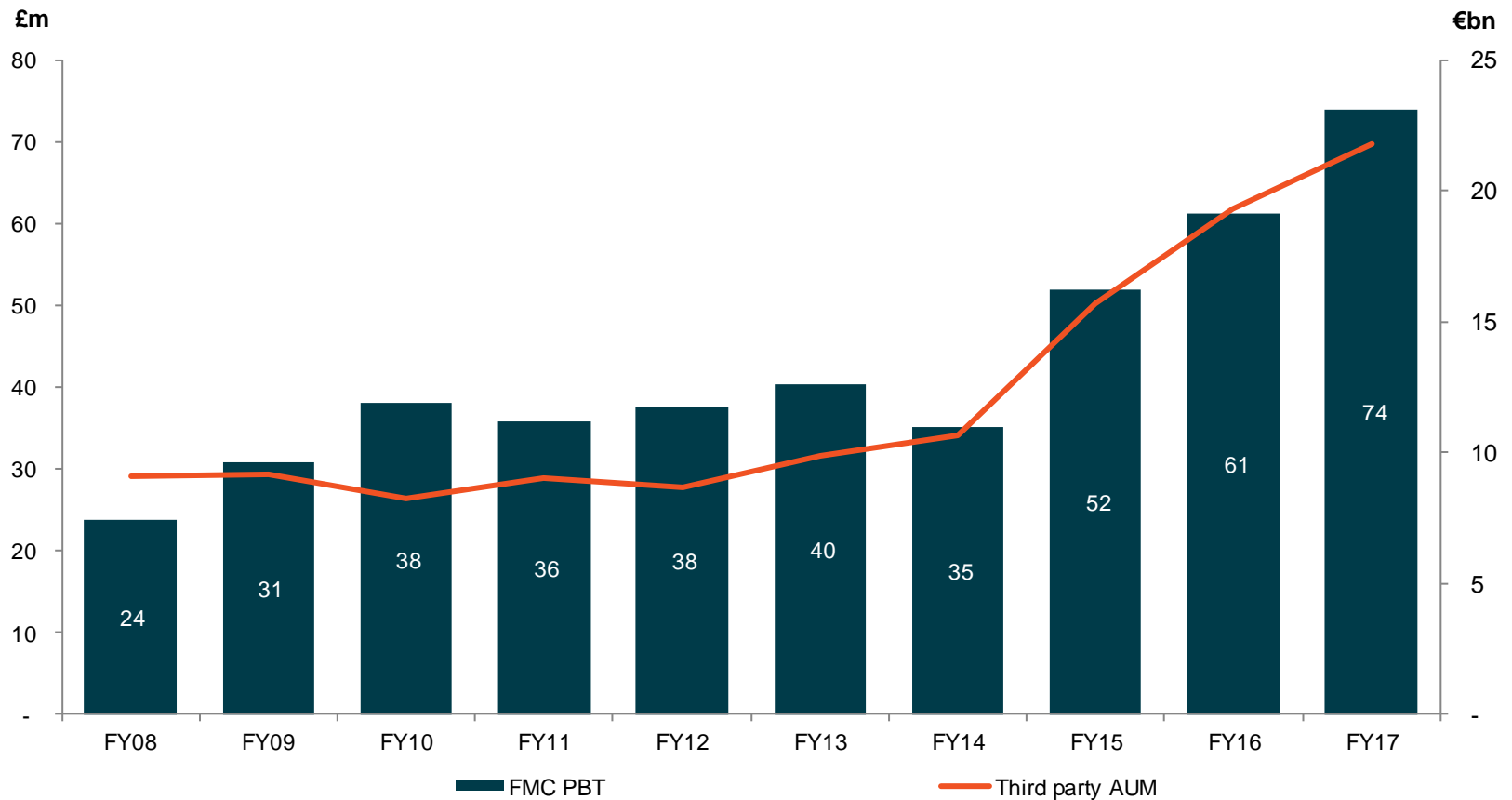
£m	12 months to 31 March 2017	12 months to 31 March 2016
Investment team salaries	25.7	19.7
Marketing salaries	4.6	4.0
Infrastructure salaries	8.7	6.7
Salaries	39.0	30.4
Cash incentives	15.0	10.9
Deferred awards	18.8	13.6
Incentive schemes	33.8	24.5
Other non staff costs	29.9	26.8
Placement fees	3.0	3.3
Total	105.7	85.0

- Increase in salaries reflects investment in capital markets strategy, ICG Enterprise Trust and our operations infrastructure
- Increase in incentive scheme costs as a direct consequence of strong business performance

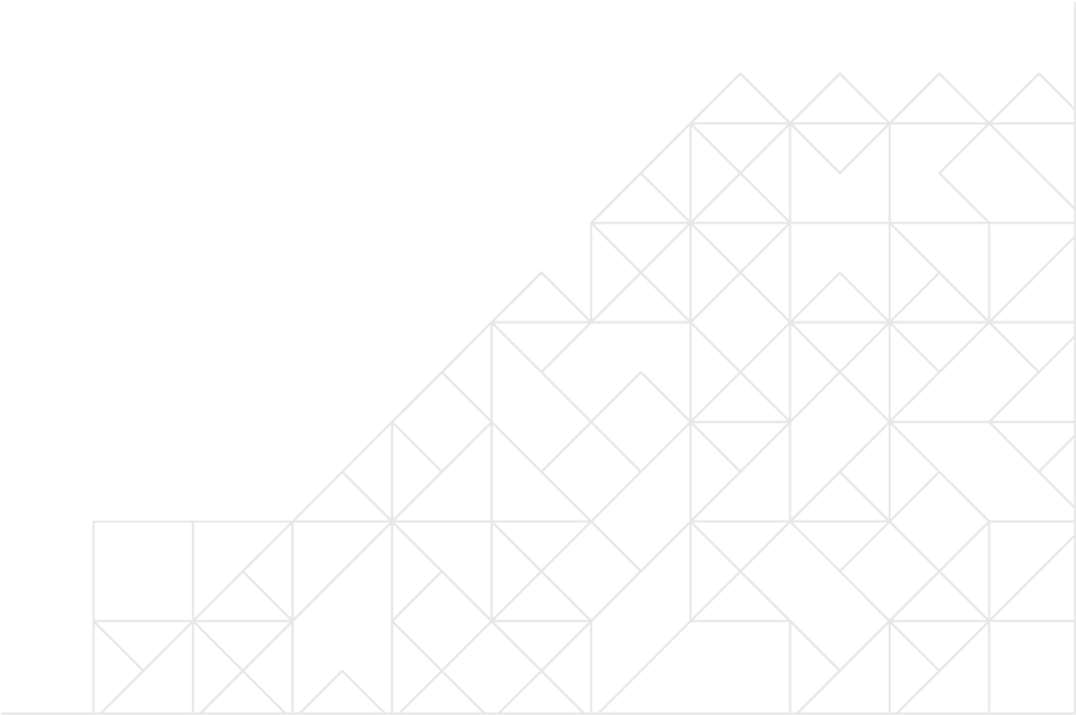
FMC profit trend

Strategic delivery as profits growing year on year

FMC profit before tax and AUM trend



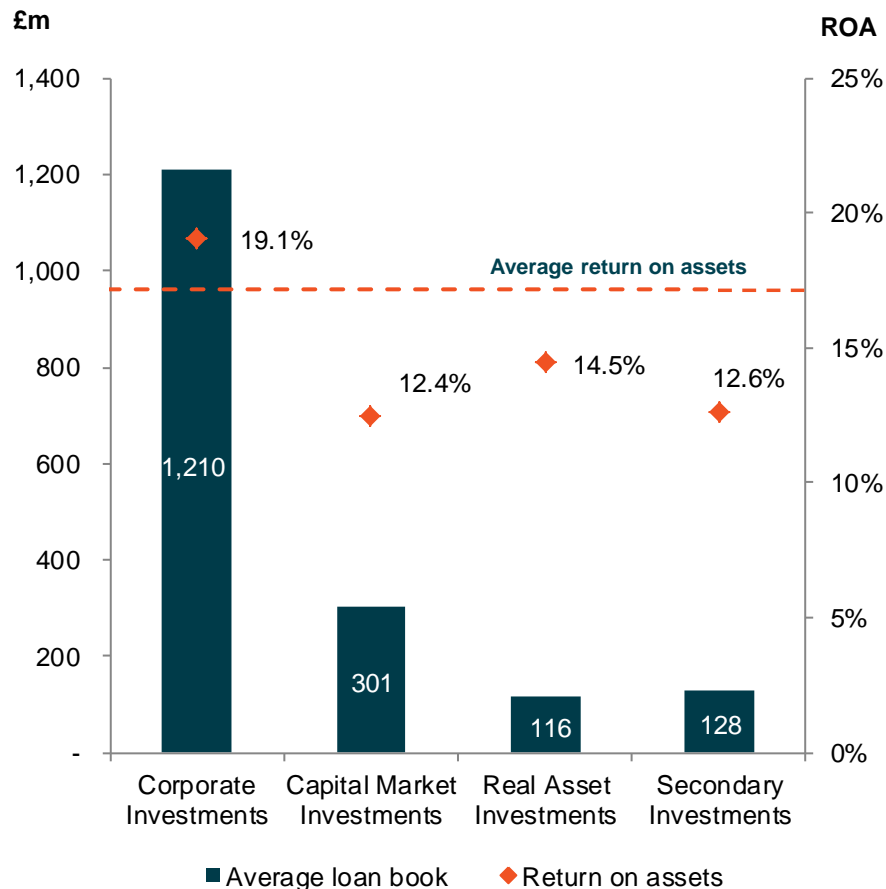
Investment Company



Return on assets

Loan book heavily weighted to higher returning assets

Average loan book and ROA by product type

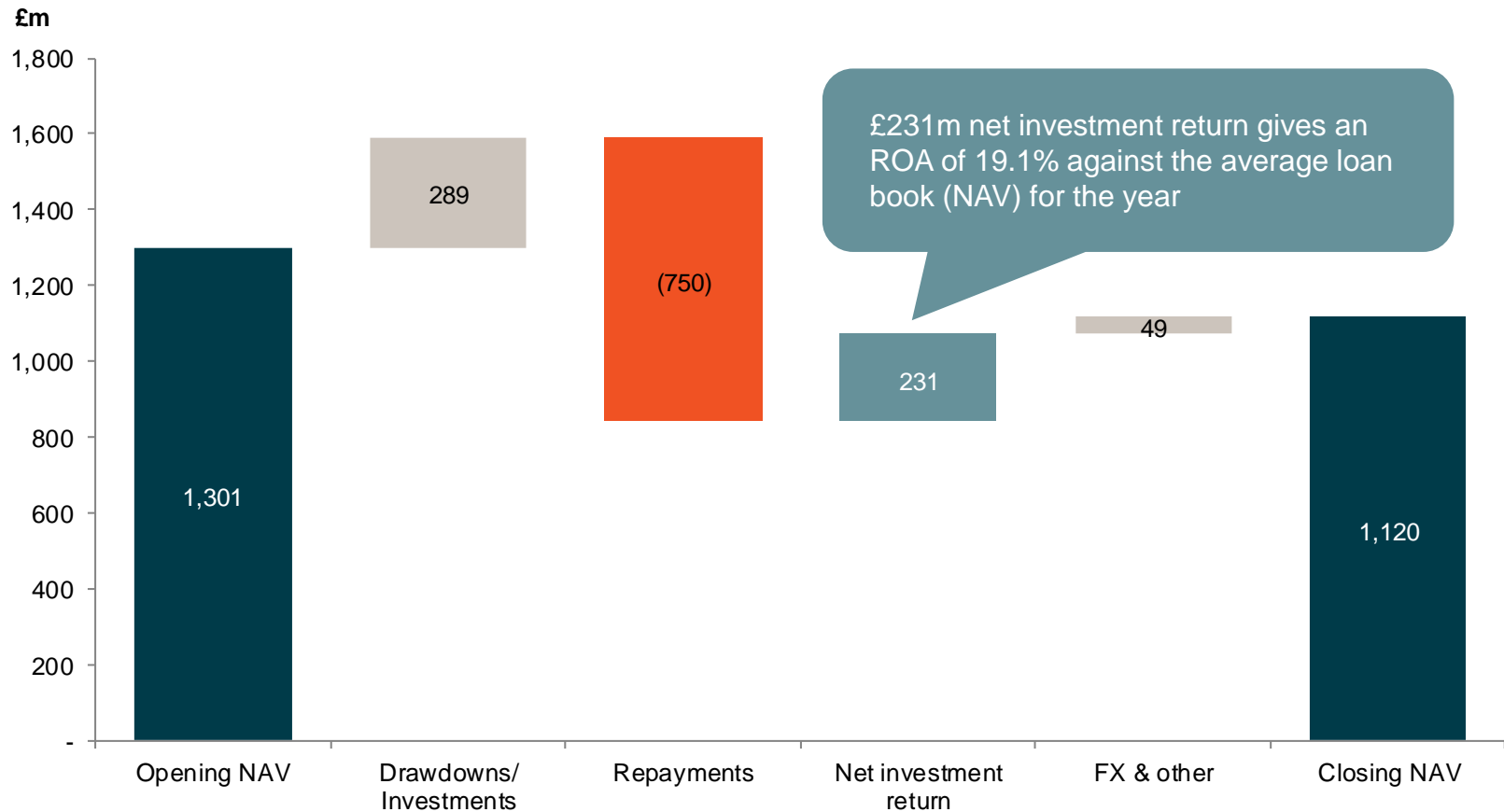


- Average ROA is 17%, up from 13% in FY16, due to the strong level of capital gains in the current period
- Majority of investment book is invested in Corporate Investments where the expected return is 15-20%
- Capital market investments asset class driven by regulatory requirements to invest in 5% of equity of new CLOs issued, giving access to fee income stream

Return on assets

Portfolio performance aligned to fund investors

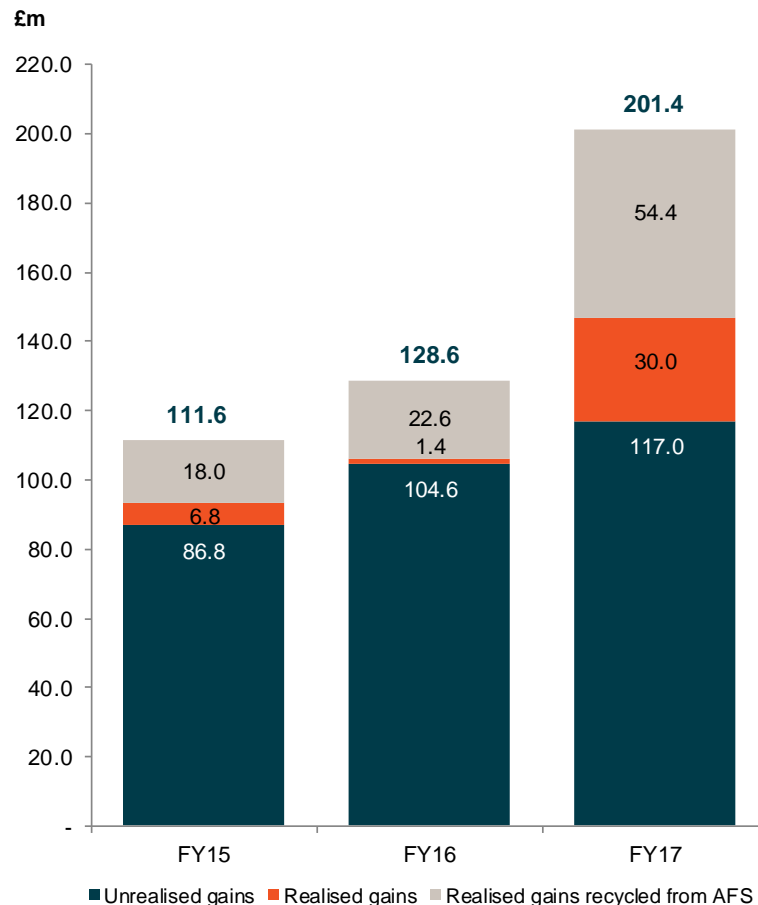
Example: Corporate Investments NAV Bridge



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. A diminishing balance of pre 2011 equity assets are fair valued through reserves and recycled to the P&L on disposal
- Unrealised capital gains in current period driven by improved portfolio company performance and market comparables
- Realised gains in the P&L represent gains that had not previously been recognised through the P&L as an unrealised gain. This includes gains on assets held for syndication which are held at cost until realisation
- Realised capital gains in current period driven by disposal of assets held for syndication and escrow proceeds received on old European assets

Investment Company costs

Performance driving increase in incentive costs

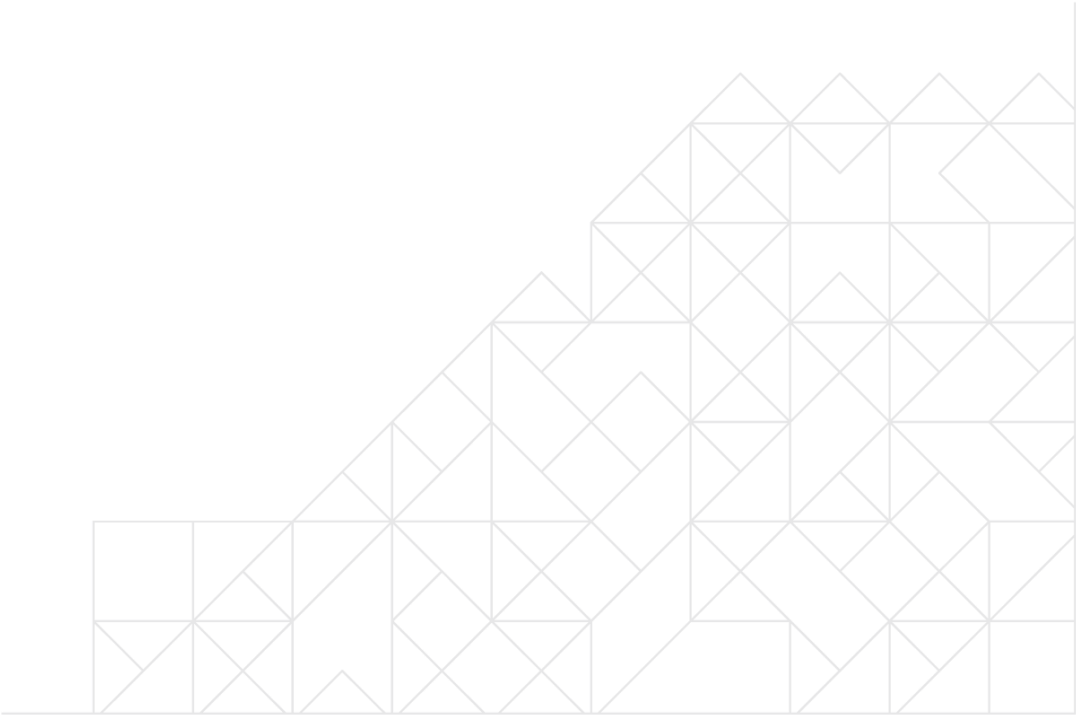
£m	12 months to 31 March 2017	12 months to 31 March 2016
Salaries	14.4	8.8
Cash incentives	27.6	21.9
Deferred awards	26.6	17.8
Incentive schemes	54.2	39.7
Amortisation	2.3	0.3
Other non staff costs	6.4	9.1
Total	77.3	57.9
Business development costs	4.4	3.0

- Incentive schemes increase due to the cost of balance sheet carry increasing and a higher cash bonus accrued as a direct consequence of the high level of successful realisations in the year
- Business development costs reflect the desire to grow real asset (Energy) and Australian senior loan product offering

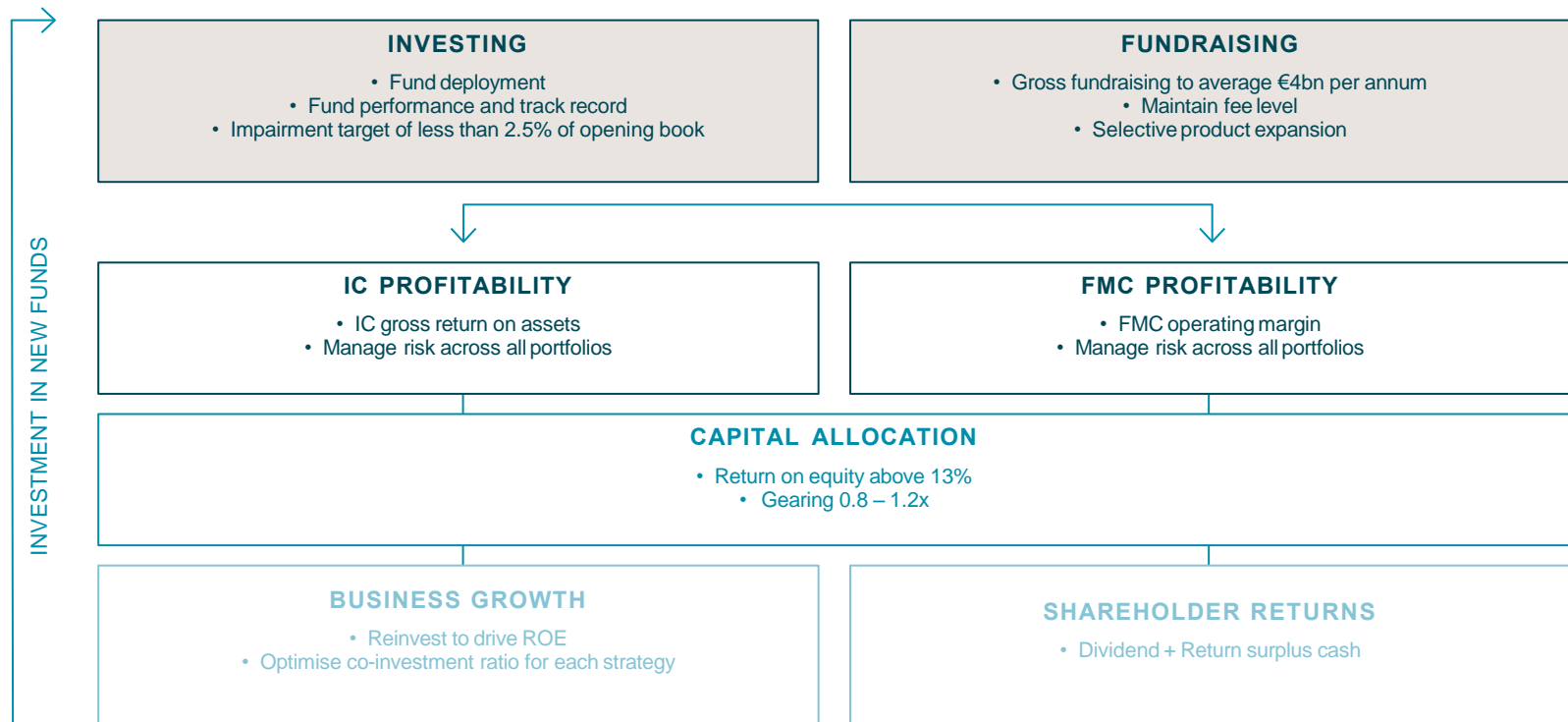
FY18 guidance

- Fundraising – average €4bn per annum over fundraising cycle; FY18 expected to meet or exceed this
- FMC operating margin – at least 40%
- Performance fees to average £15-20m per annum
- Net impairments – long term average of 2.5% of opening book
- Balance sheet portfolio – average c£2bn with co-investment ratio trending downwards
- Gearing within the range of 0.8-1.2x; Return on equity – above 13%
- Tax rate – effective tax rate of 13%
- Ordinary dividend expected to increase by 6-8% per annum

Operating Review



ICG operating model



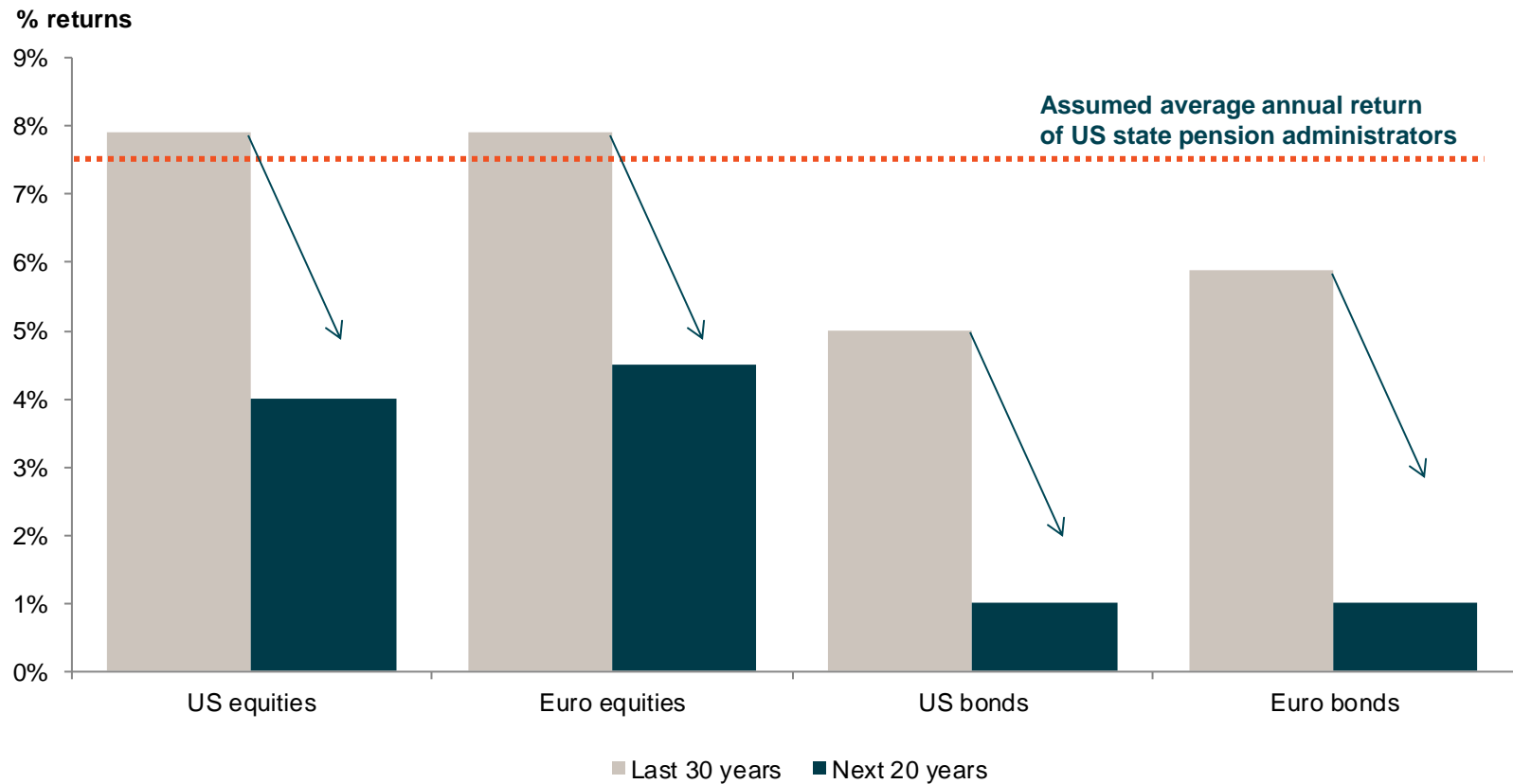
Fundraising



Fundraising market

Traditional asset returns expected to be lower

Traditional asset return projections



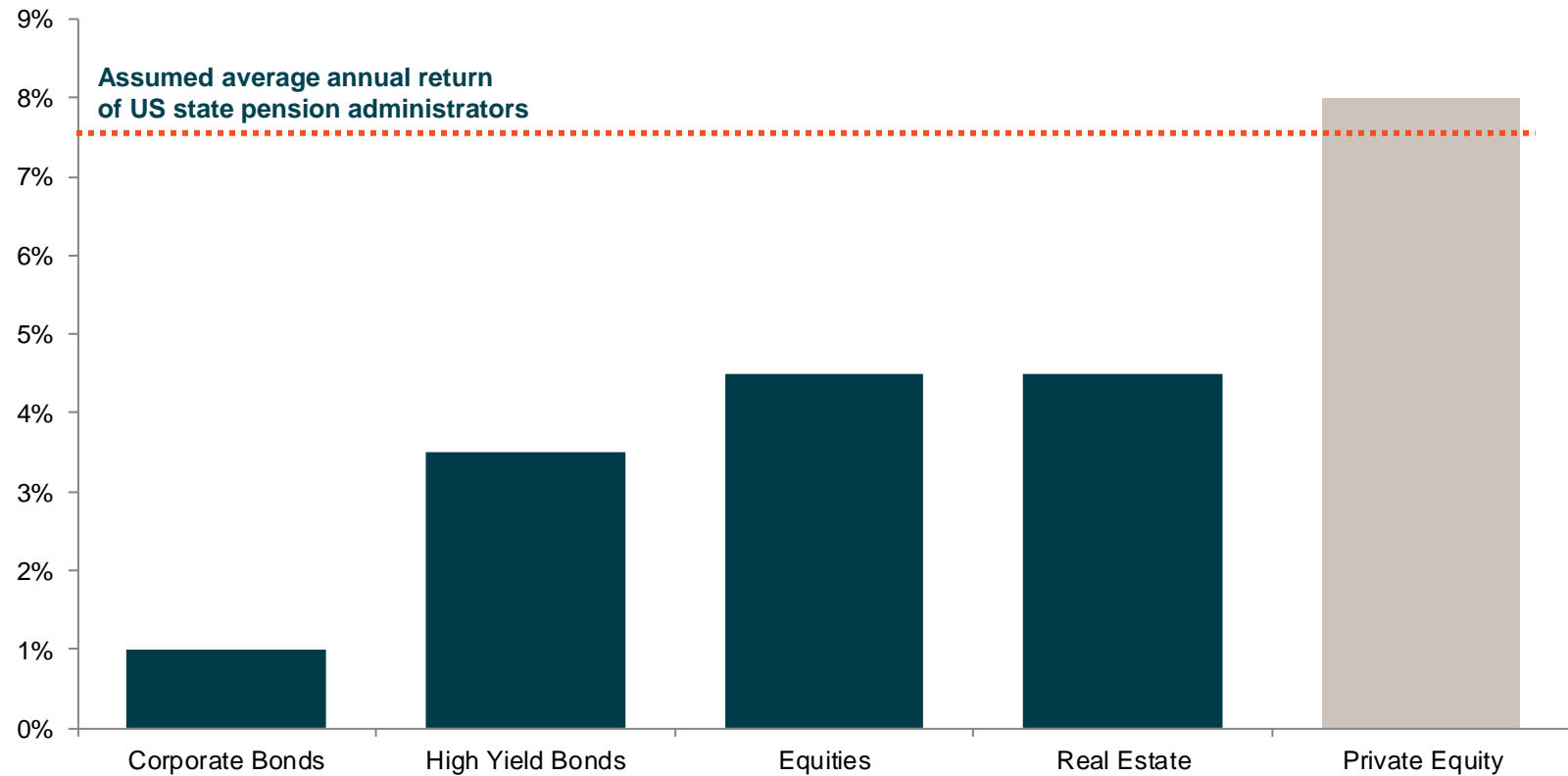
Source: McKinsey Global Institute: Diminishing returns May 2016

Fundraising market

Private markets expected to outperform other asset classes

Blackrock 5 year expected returns

% returns

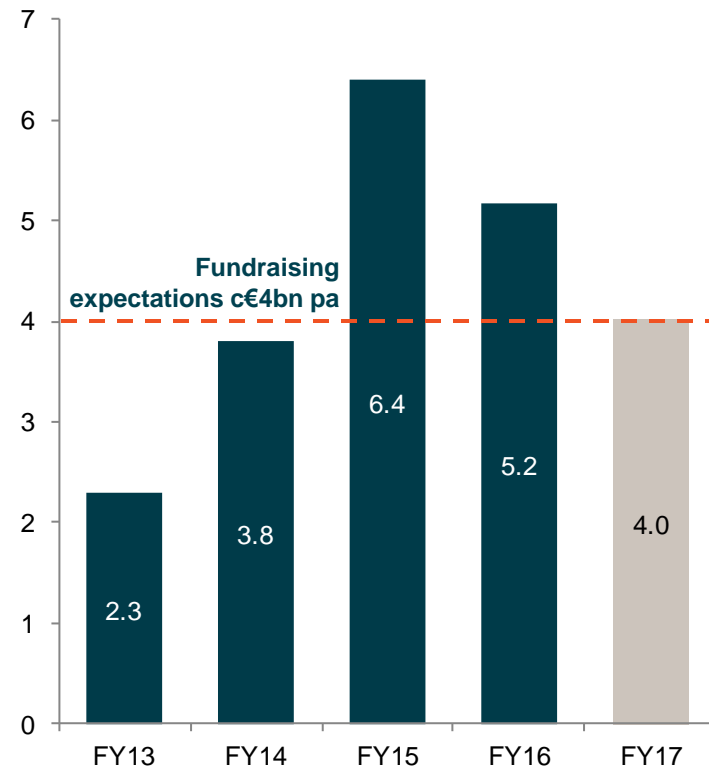


Source: Blackrock Strategic Perspectives April 2015

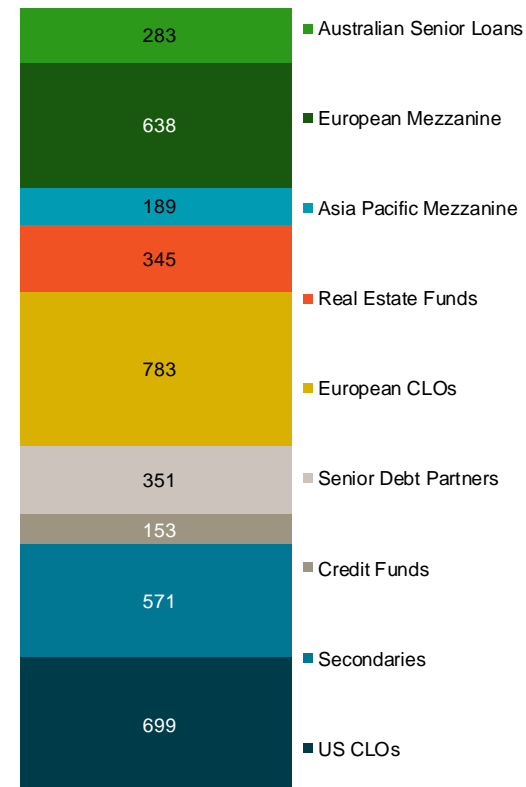
Fundraising momentum

Fundraising in line with our 'through the cycle' target

€bn



Funds raised in FY17 by strategy (€m)



Long term fundraising success

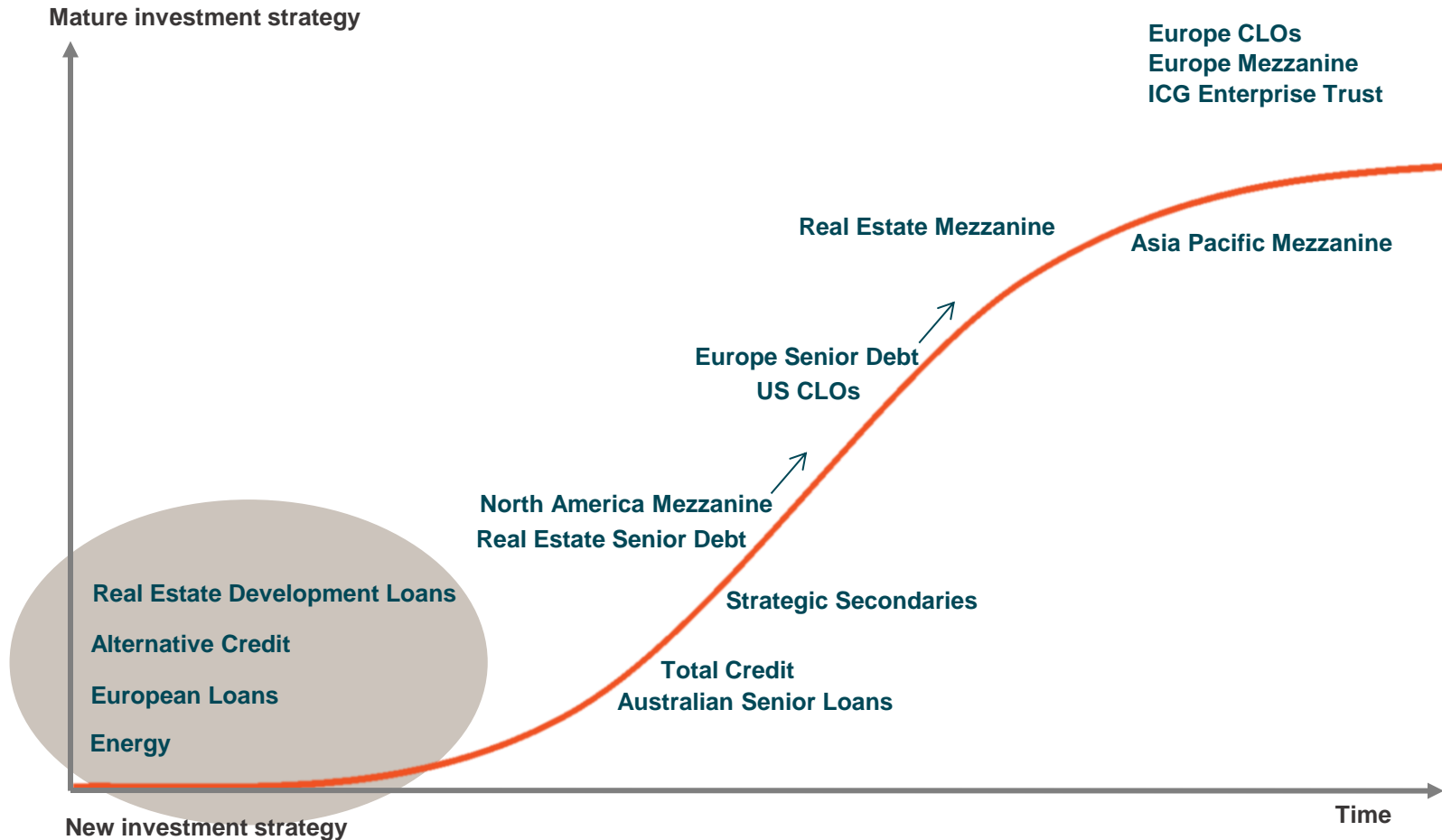
Private debt fundraising over the past five years

Rank	Firm	Total Funds Raised in Last 5 years (\$bn)	Headquarters	Rank	Firm	Total Funds Raised in Last 5 years (\$bn)	Headquarters
1	Lone Star Funds	42.5	US	16	Bain Capital Credit	10.7	US
2	Blackstone/GSO	36.3	US	17	Starwood Capital Group	10.1	US
3	Oaktree Capital Management	34.8	US	18	Hayfin Capital Management	9.4	UK
4	M&G Investments	29.3	UK	19	The Carlyle Group	9.0	US
5	Apollo Global Management	27.5	US	20	Avenue Capital	8.9	US
6	AXA Investment Management	26.8	France	21	Pacific Investment Management	8.3	US
7	HPS Investment Partners	22.7	US	22	Audax Group	8.0	US
8	Goldman Sachs & Co.	19.7	US	23	CarVal Investors	7.9	US
9	PGIM	19.5	US	24	Golub Capital	6.8	US
10	Ares Management	19.1	US	25	Angelo, Gordon & Co.	6.6	US
11	Intermediate Capital Group	17.2	UK	26	Blackrock	6.5	US
12	Oak Hill Advisors	15.5	US	27	TPG Special Situations Partners	6.3	US
13	Fortress / Mount Kellet	14.4	US	28	Cerberus Capital Management	6.2	US
14	EIG Global Energy Partners	13.3	US	29	Castlelake	5.8	US
15	KKR	13.0	US	30	Varde Partners	5.4	US

Source: Private Debt Investor, September 2016, Note: The top 30 ranking is a collection of institutional third-party capital raised for private equity-style funds or separate accounts over the past five years, without counting leverage

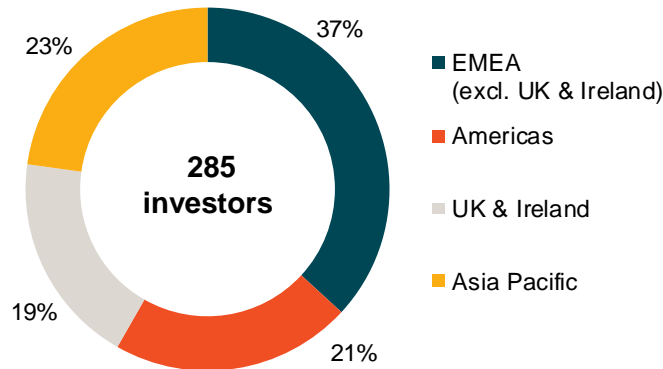
Current ICG strategies

Significant growth potential from existing strategies



Expansion of ICG's client franchise

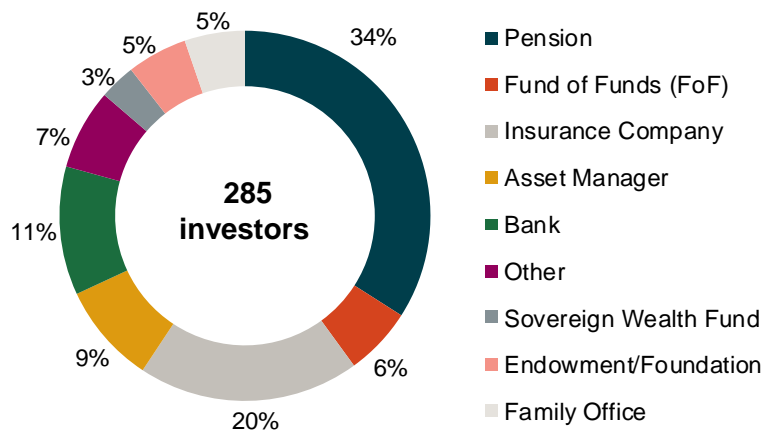
Investors by Geography 2017*



39

new investors in 2017 vs 69 total investors in 2012

Investors by Type 2017*



59%

new investors from long term...
Pensions, family offices,
endowments / foundations

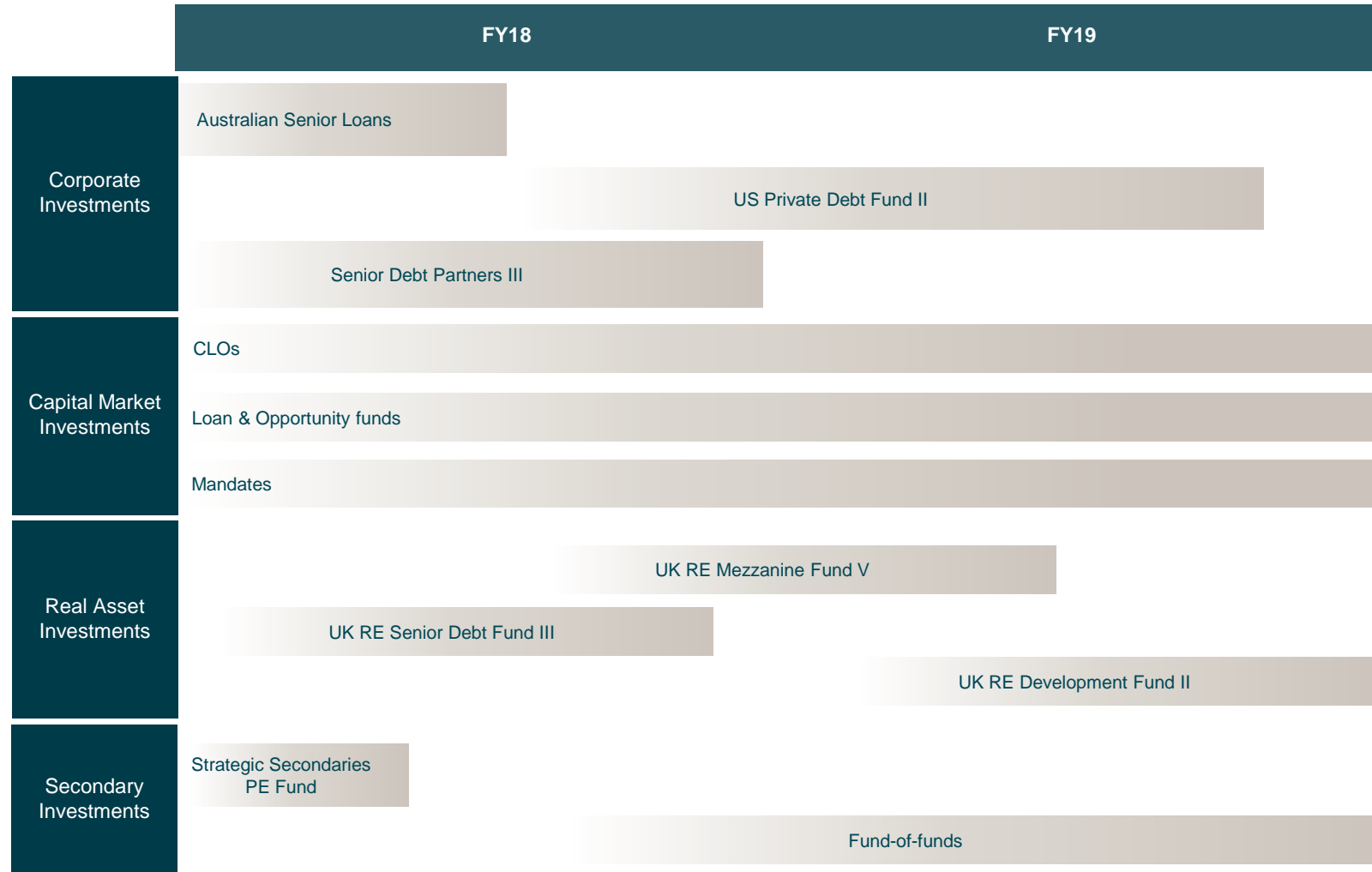
3%

new investors from banks

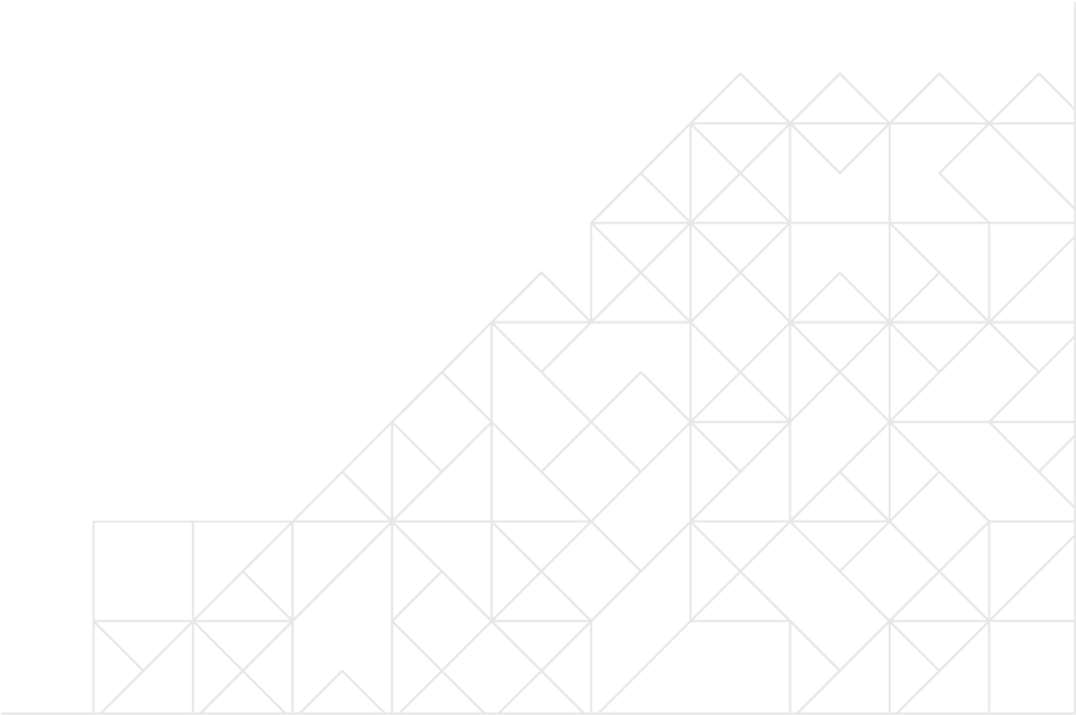
*As at 31 March 2017

Fundraising outlook

Pipeline healthy as larger strategies expect to fundraise



Investing



Investment markets

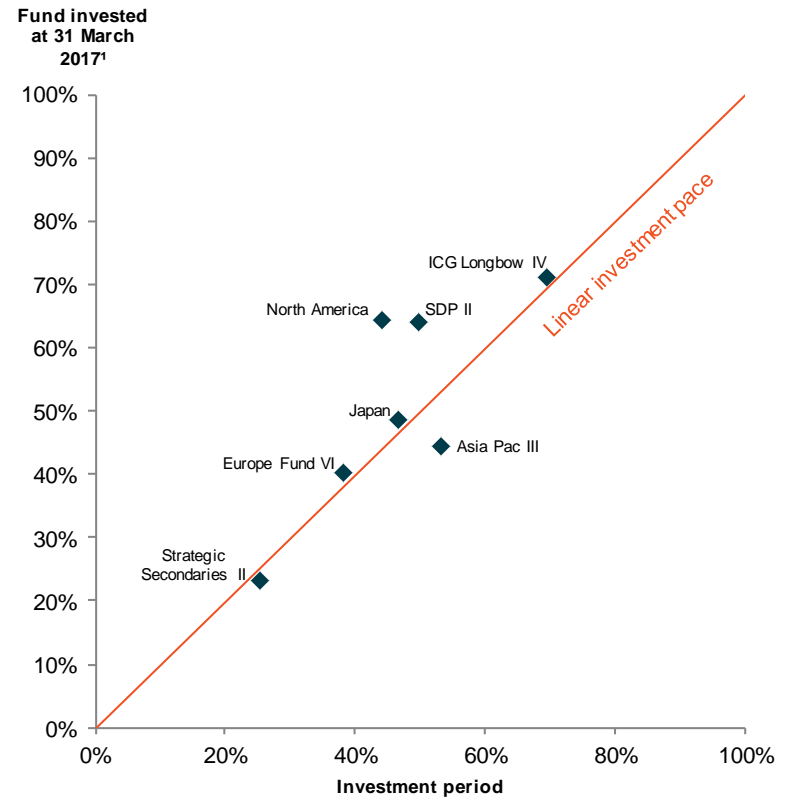
Differentiation in approach and strong origination model

Corporate Investments	Capital Market Investments	Real Asset Investments	Secondary Investments
<p>Buyout markets are up on last year</p> <p>Financing market supported by investor appetite for direct lending funds</p> <p>Scale, flexible capital and deal complexity are key differentiators for us</p> <p>Focus on investing in private mid-market companies through sponsored LBOs, sponsorless transactions and capital restructuring</p> <p>US private markets benefitting from increased demand for private debt capital solutions</p>	<p>Leverage loan and high yield markets in the US and Europe are strong</p> <p>CLO issuance has increased as investors increase their search for yield</p> <p>Ability to meet the capital requirements directive differentiates us</p> <p>Increased focus on open ended funds and separate mandates</p>	<p>Commercial real estate markets remain resilient with intense competition for big-ticket and central London opportunities</p> <p>Attractive risk-adjusted returns can be found in the mid-market, underpinned by our deep property knowledge, strong industry relationships, flexible approach and speed of execution</p> <p>Increasingly diversified offering across the capital structure</p> <p>Our entrepreneurial approach and ability to underwrite complex transactions differentiates us as a capital partner</p>	<p>Strong opportunity to restructure private equity funds both from discontinued franchise GPs as well as from GPs with successor funds. Restructurings have become established and respected</p> <p>Investment approach underpinned by detailed, asset level, buyout type analysis on underlying companies and robust Investment Committee process</p> <p>Volumes & underwritten returns are under pressure for conventional secondaries, but the restructuring market remains relatively benign competitively. ICGSS is a pioneer and market leader in this activity</p>

Investing our direct investment funds

Investment pace maintained in a competitive market

Direct investment funds



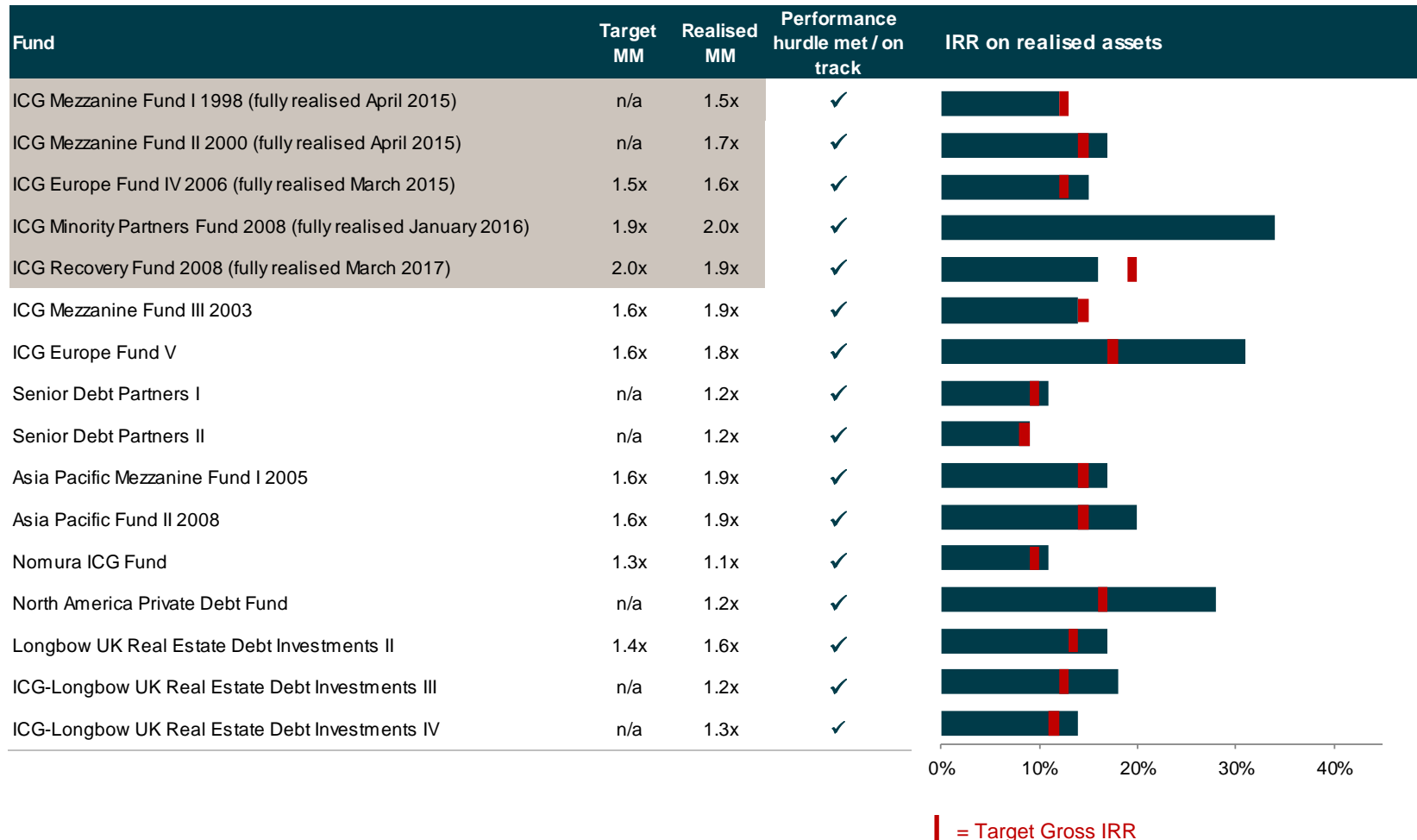
¹Based upon target fund size for those funds in fundraising

Managing Portfolios



Fund performance

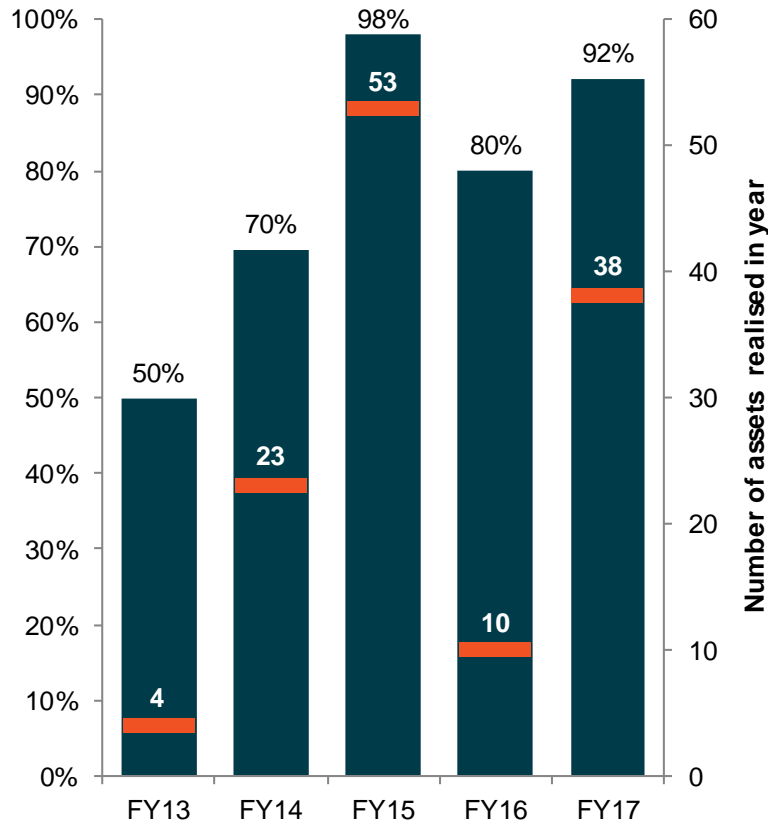
Funds consistently performing above target



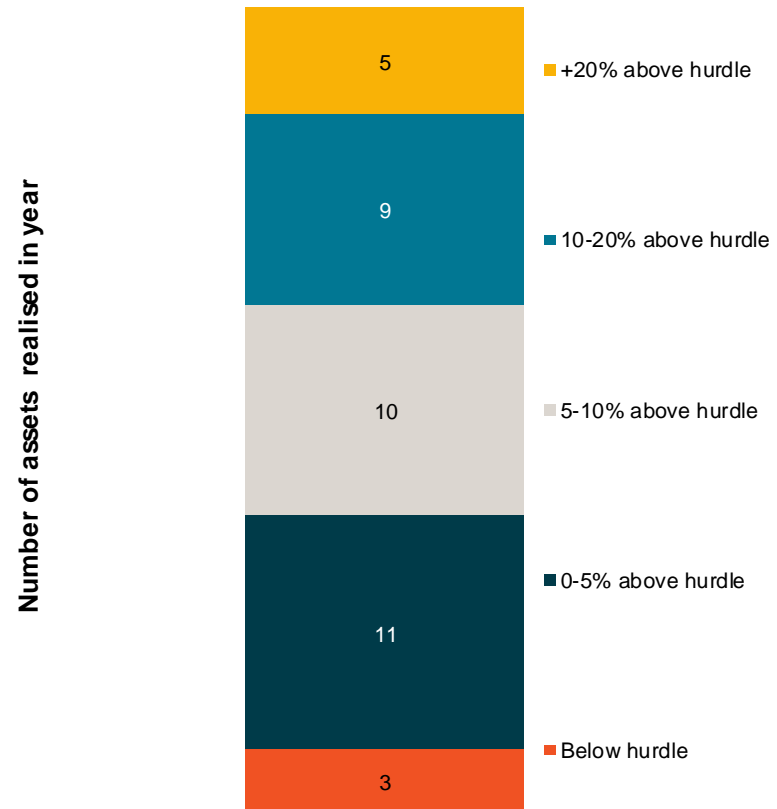
Fund performance

Realising assets locks in investment returns and track record

Percentage of realised assets exceeding hurdle rate ¹



FY17 realised assets; performance against hurdle

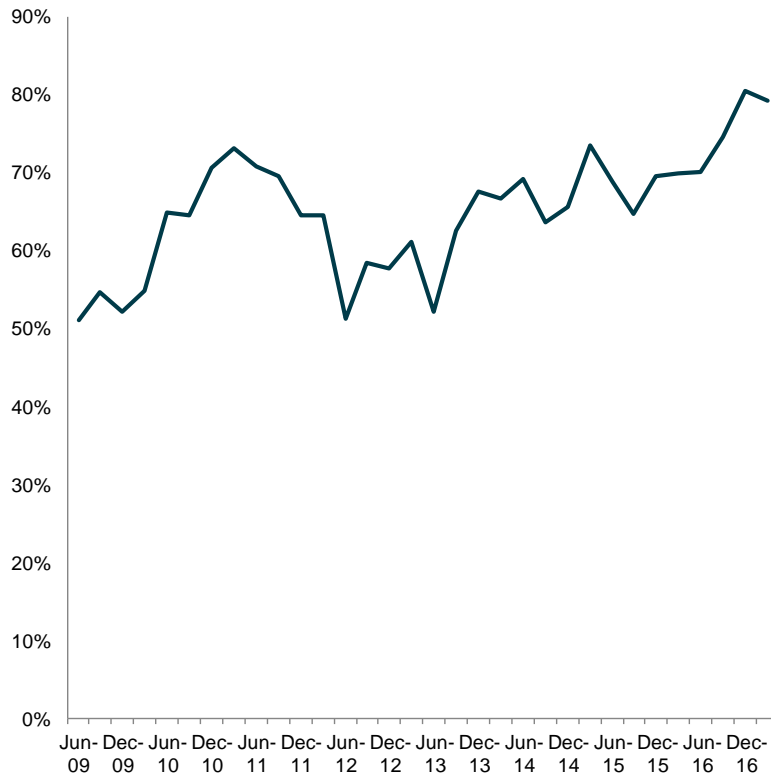


¹ Percentage of realised assets in each year for which the Gross IRR attained exceeds the Net IRR performance fee hurdle set for the fund

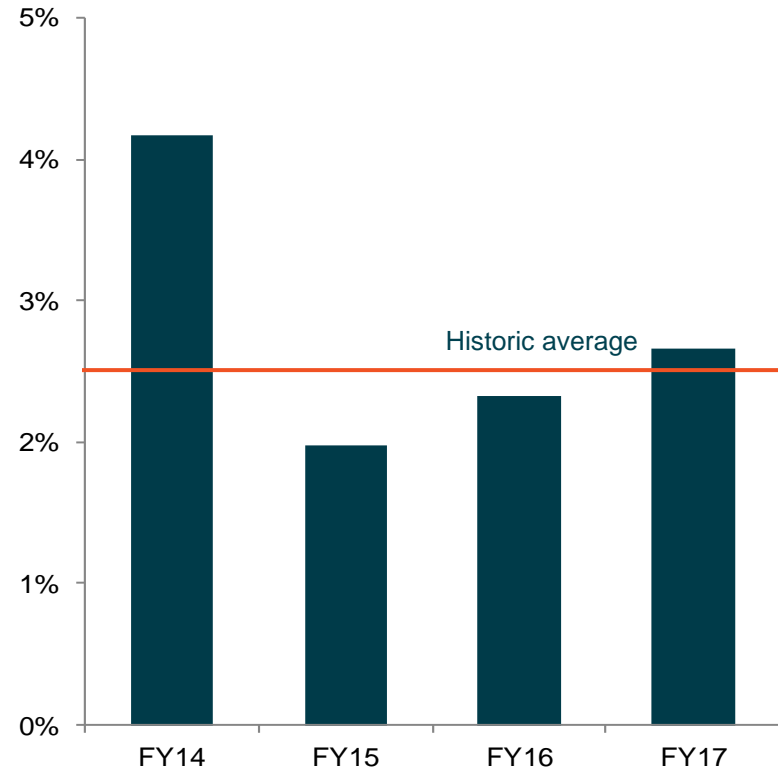
Portfolio performance

Portfolio performance robust

Percentage of portfolio performing above prior year



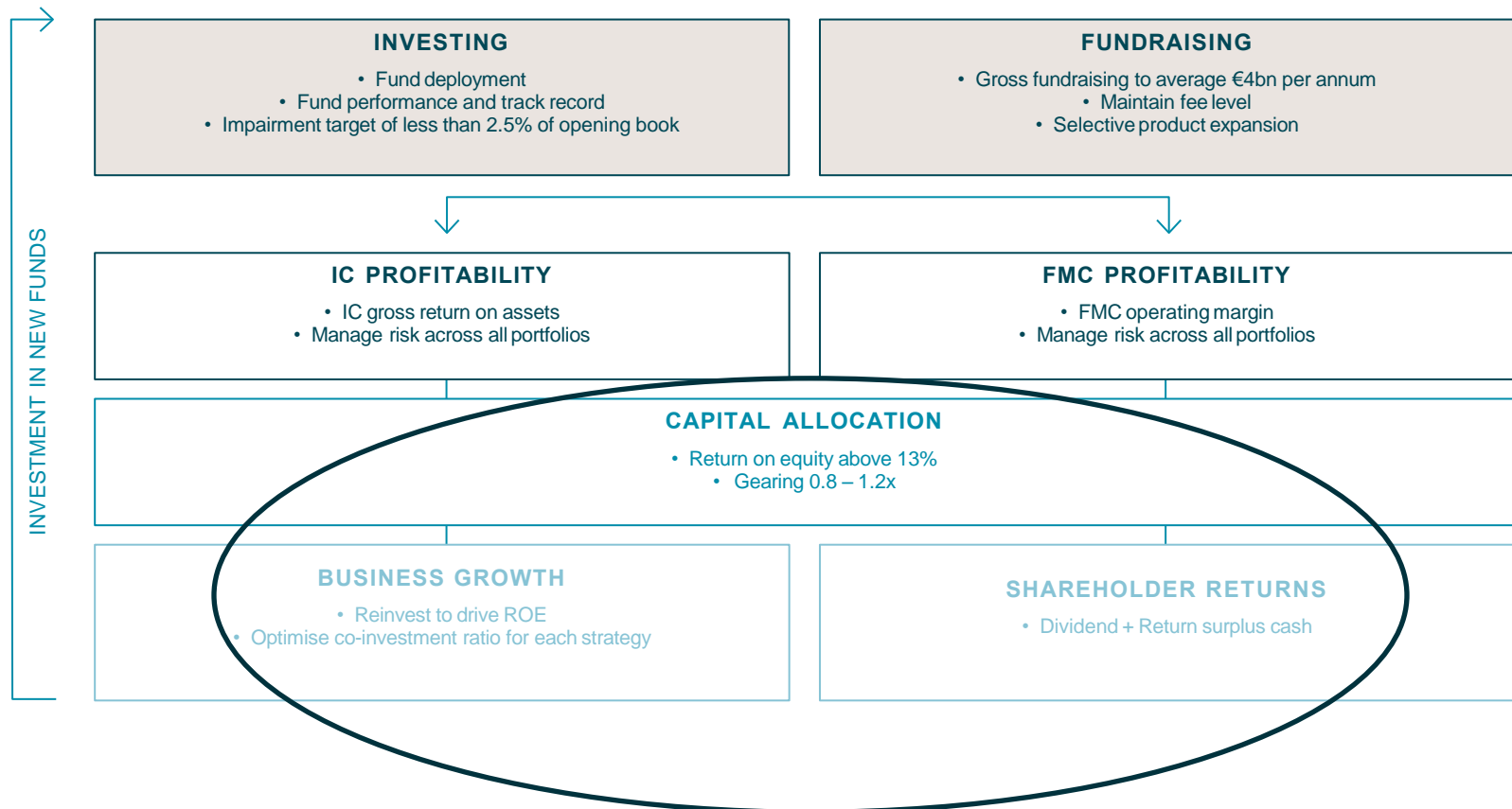
Net impairments as a percentage of opening book



Capital Allocation & Wrap Up



ICG operating model



Q&A

iCG



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