



Intermediate Capital Group PLC

Results for the year to 31st March 2007

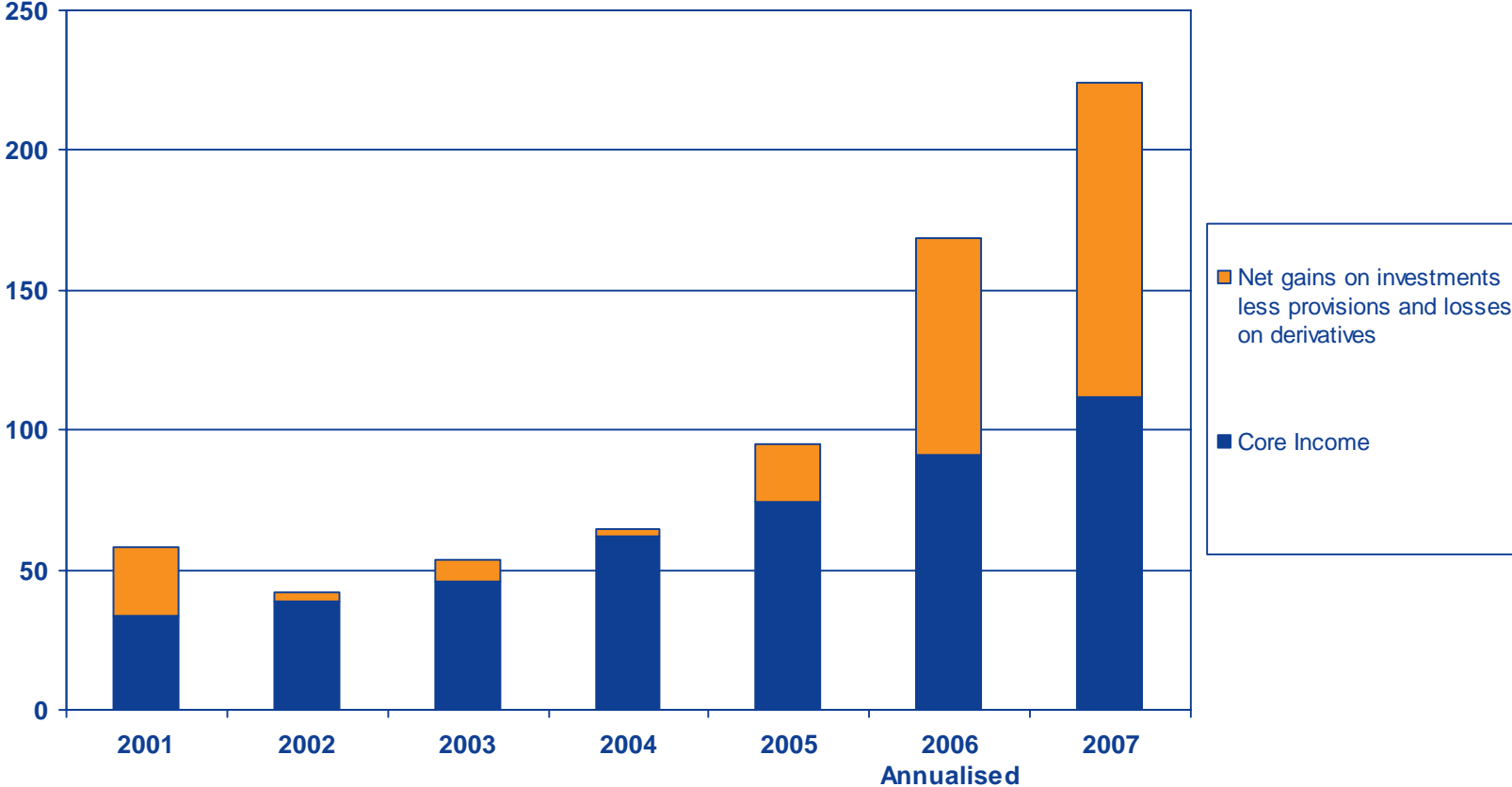
Highlights



- **Pre-tax profits up 37% to £224m**
- **Core income up 23% to £112m**
- **Capital gains up 59% to £197m**
- **Satisfactory level of new investment but repayments very high**

Results for the 14 months to 31st March 2006 annualised for easier comparison

Pre-tax profits



Five Year Strategic Plan FY2007 – 2012

New Strategic Objective



“To become amongst the world’s most innovative and successful investors, doubling in size every five years by employing and motivating great people”

Five Year Strategic Plan FY2007-2012

Our Unique Advantage



The world's most innovative and successful investor:

- **Great people;**
- **Innovative long term approach;**
- **Local network and relationships;**
- **Existing portfolio; and**
- **Permanent Capital.**

Five Year Strategic Plan FY2007 – 2012

Key Objectives



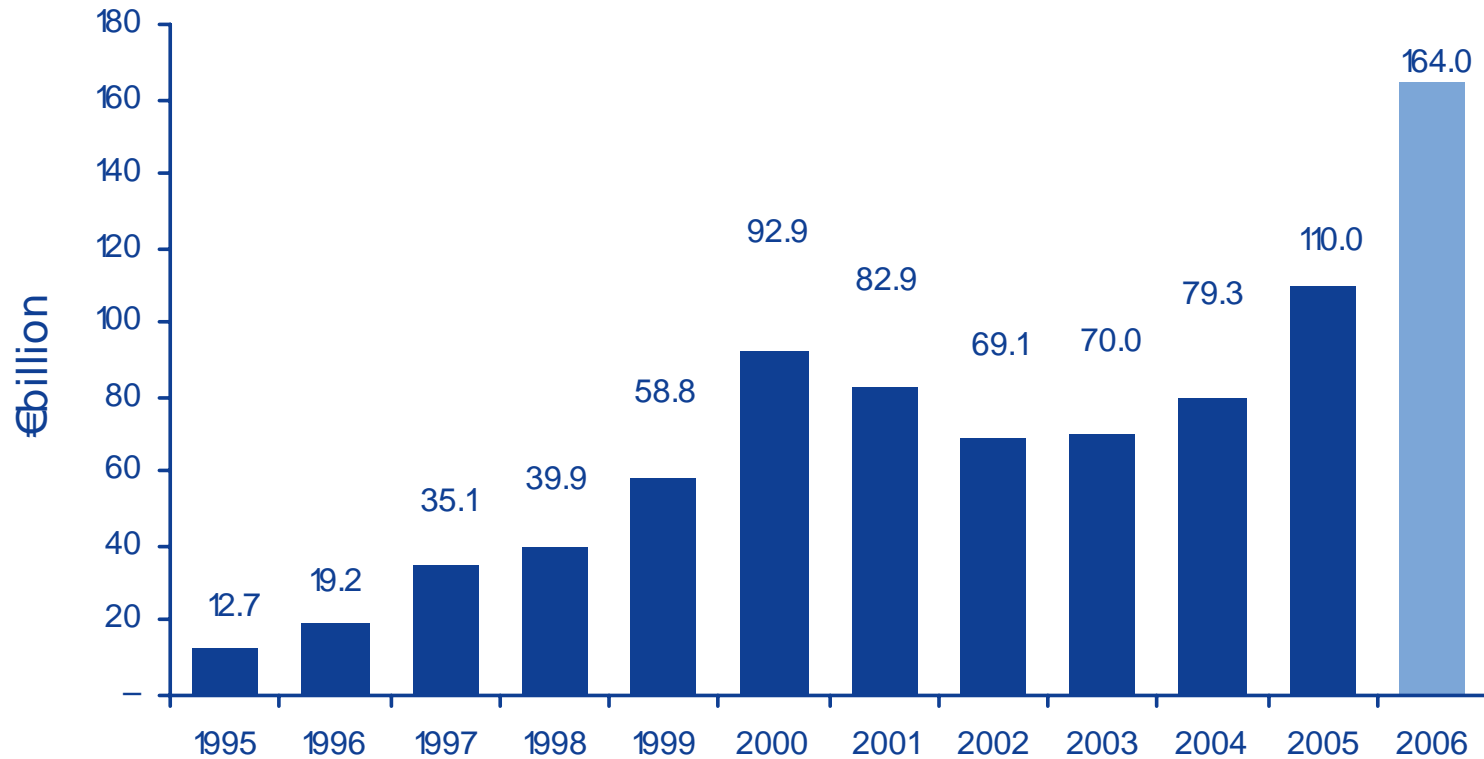
- **Geographic Expansion**
- **Minority Partners**
- **Continued Investment for organic growth**
 - **Developing Mezzanine markets**
 - **Fund Management**
- **Infrastructure**

Market Background



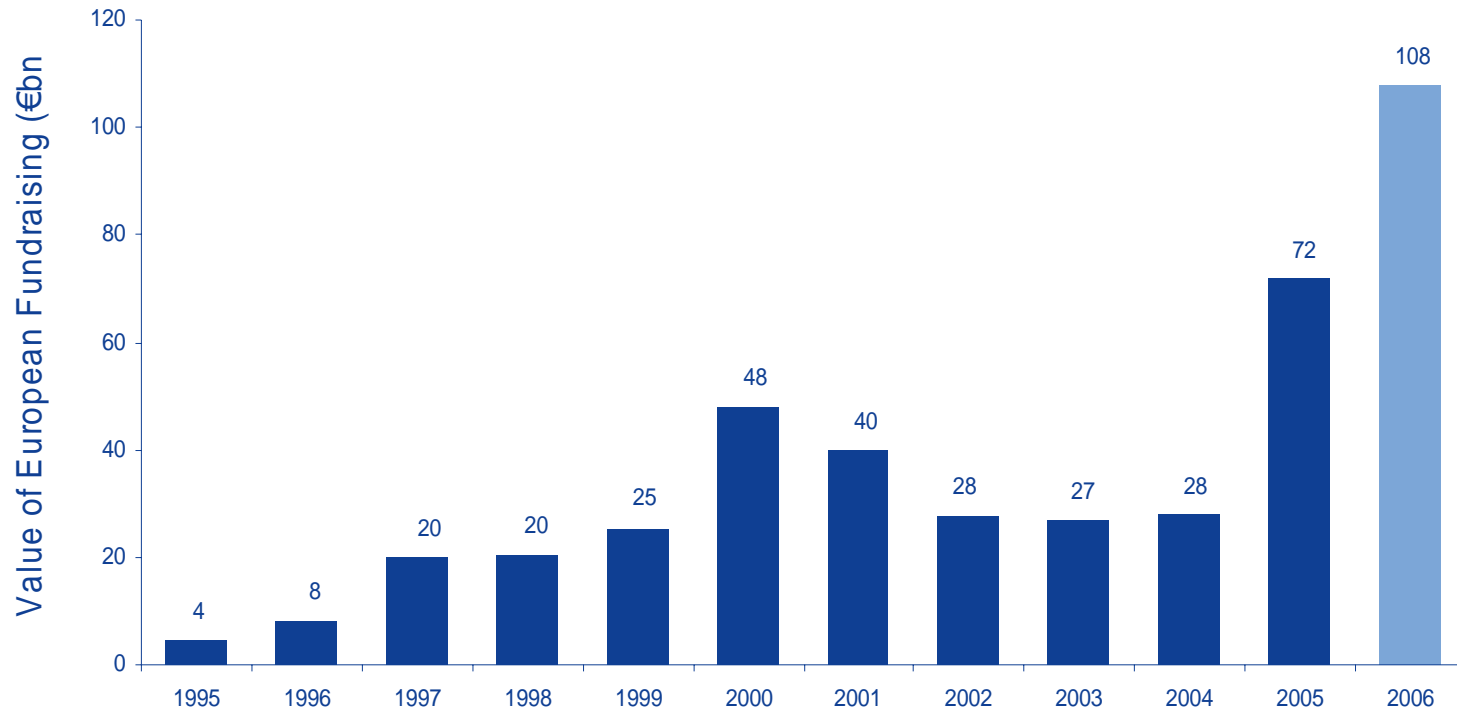
- **The European buyout market continues to be very active**
- **Record new private equity fund raising**
- **Buy out pricing continues to rise**
- **LBO activity driven by increase in liquidity and competition in the debt markets**

European LBO Volume



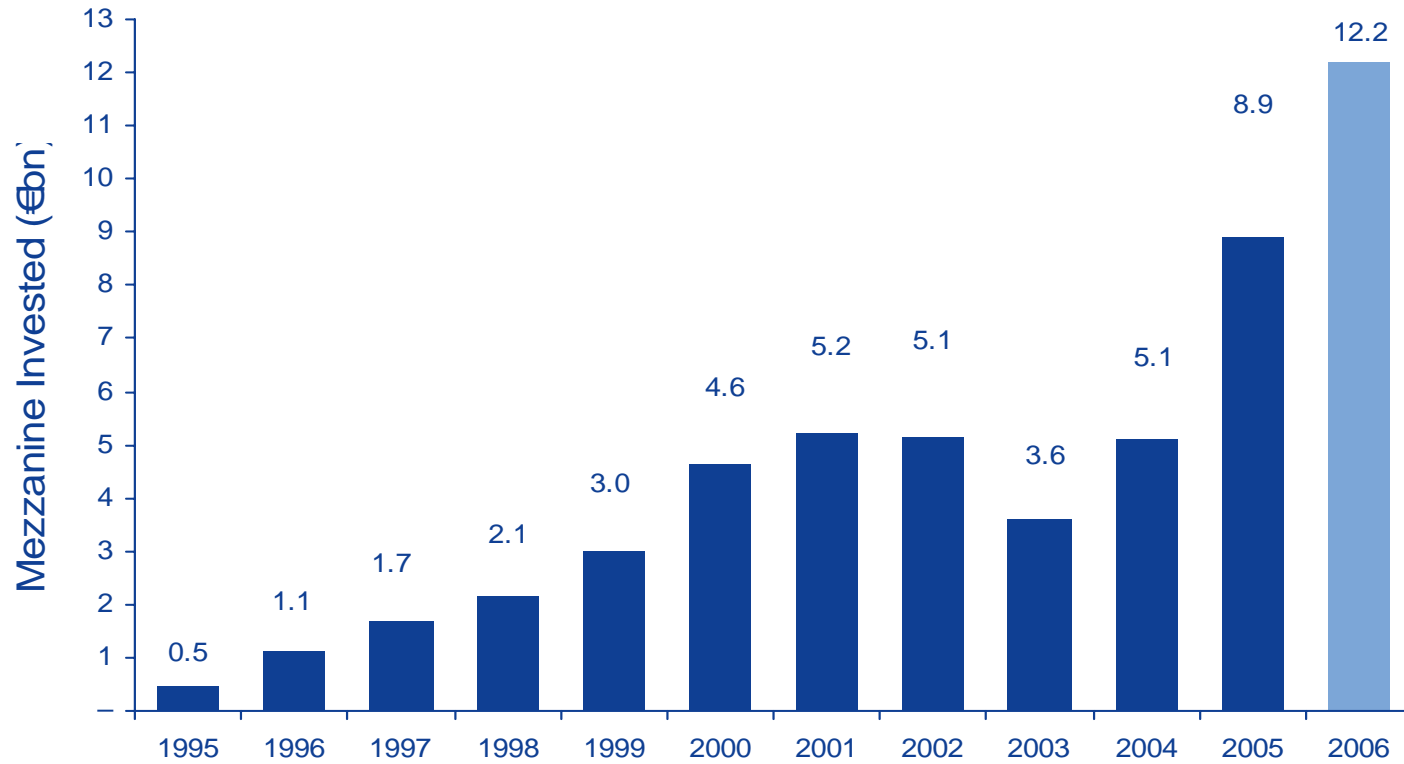
Source: S & P

European Private Equity Funding



Source: EVCA

European Mezzanine Market



Source: S & P

European Mezzanine Market



- **Mezzanine demand at record levels**
- **Increasingly competitive market**
- **Causing a higher number of refinancings**

European Mezzanine Market



■ Mezzanine Market polarising

- Larger London based commodity transactions
- Local mid-market transactions
- Growth capital and sponsorless opportunities

■ ICG's position remains strong in mid-market transactions

- The largest independent mezzanine investor in Europe
- Strong regional network

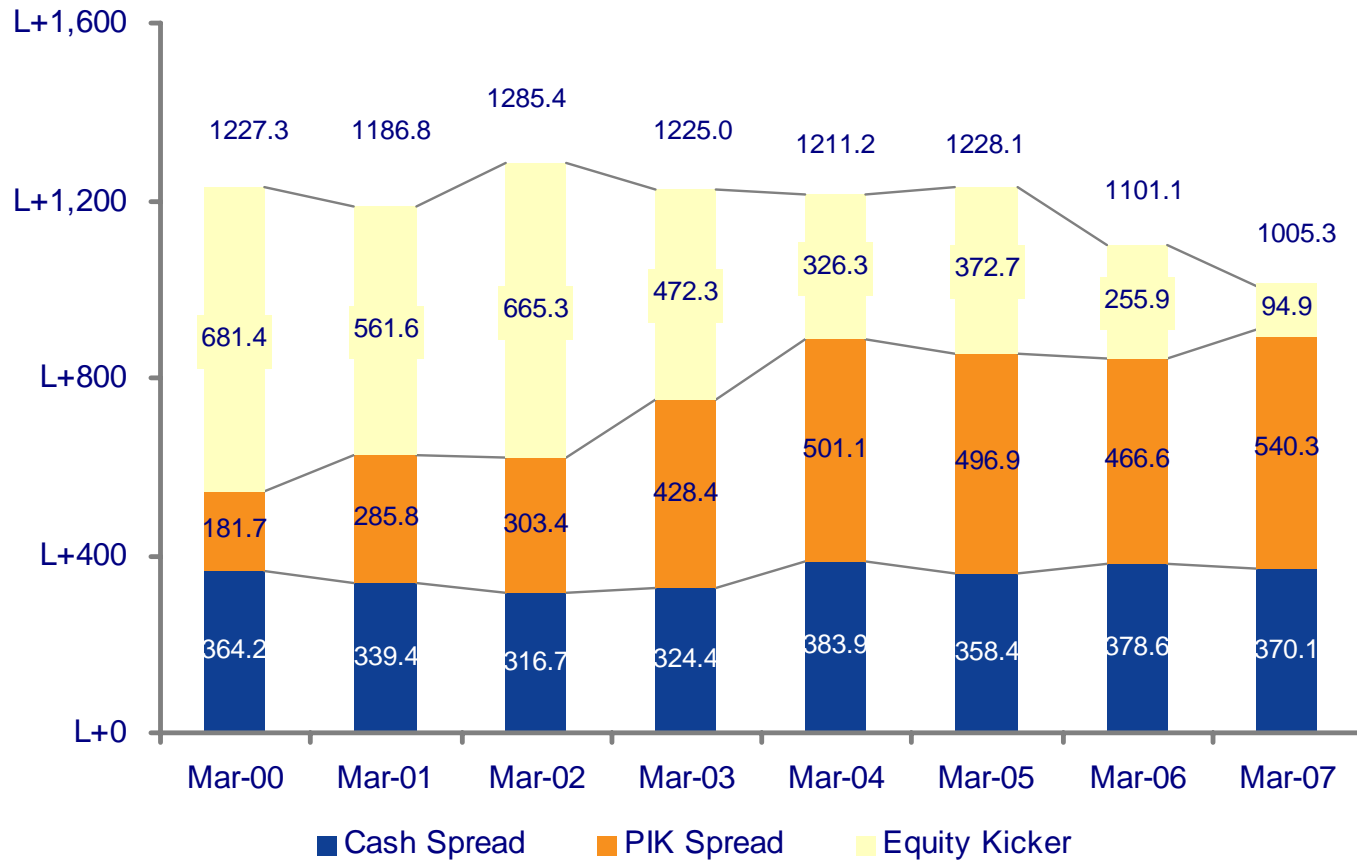
European Mezzanine Market

Pricing and Structures



- Real pressure on pricing, particularly on larger deals
- Leverage levels rising

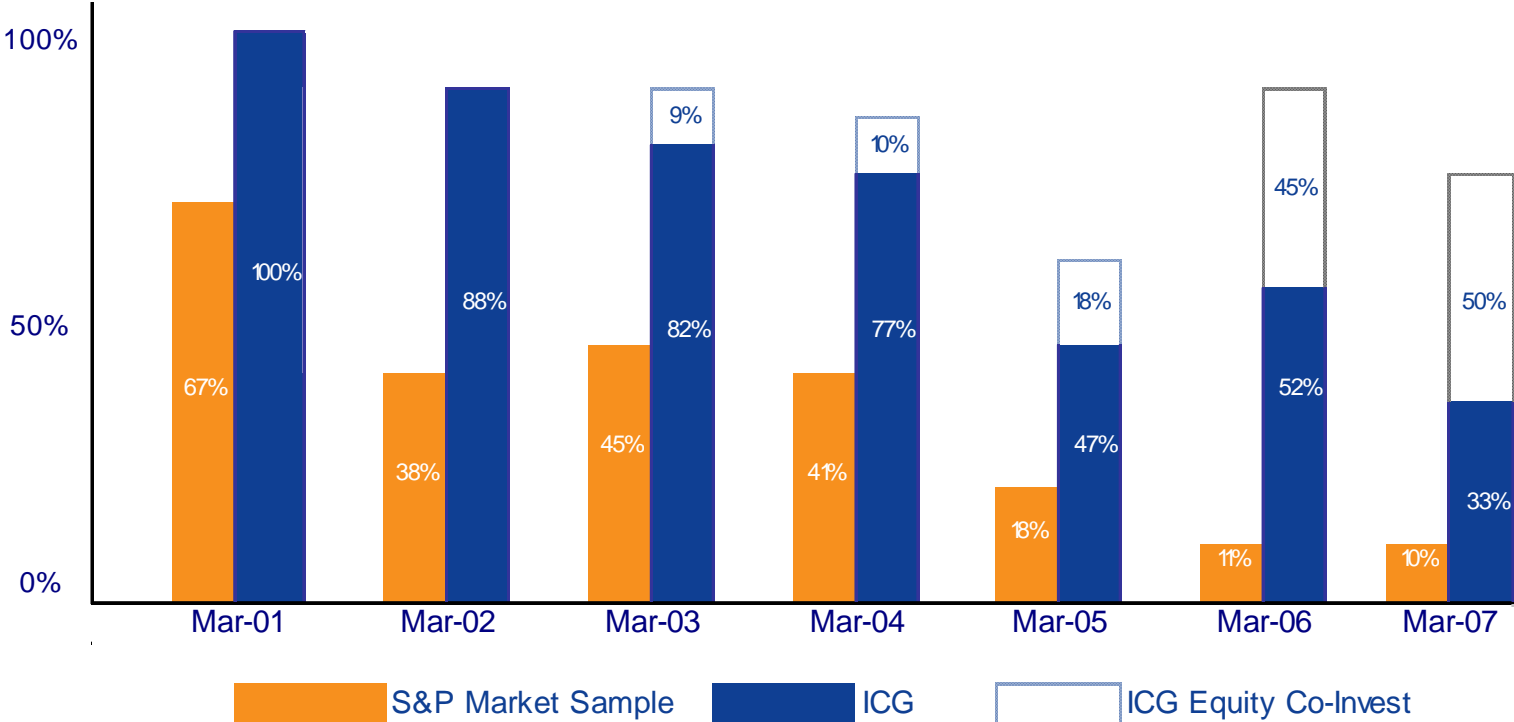
ICG Pricing on New Loans



Warranted Mezzanine

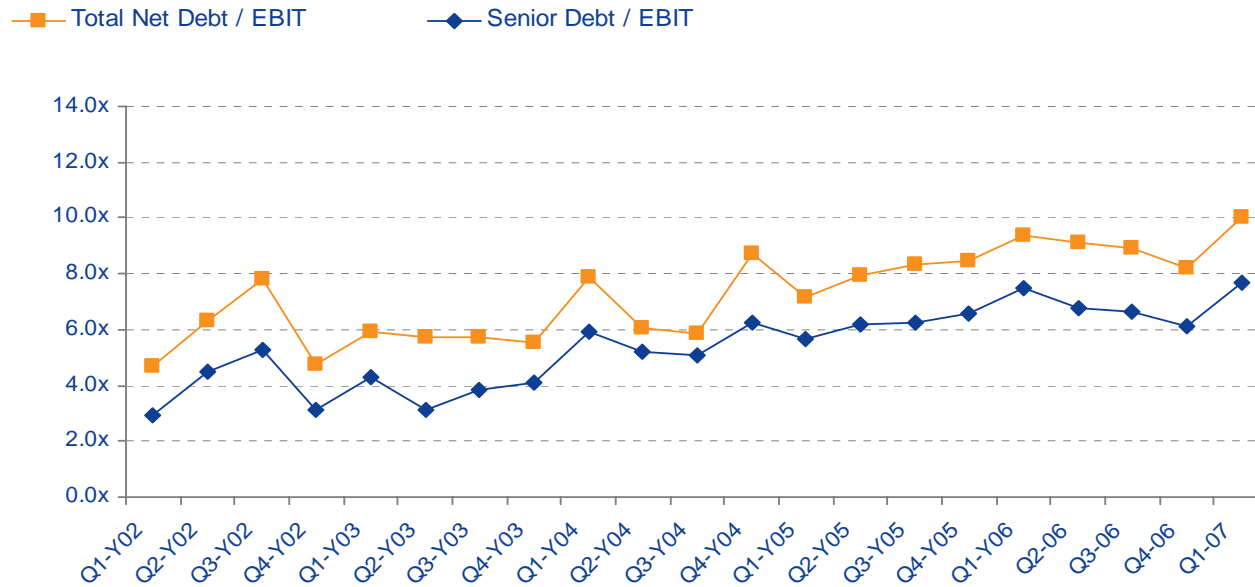


Warranted Mezzanine
By Number of New Investments



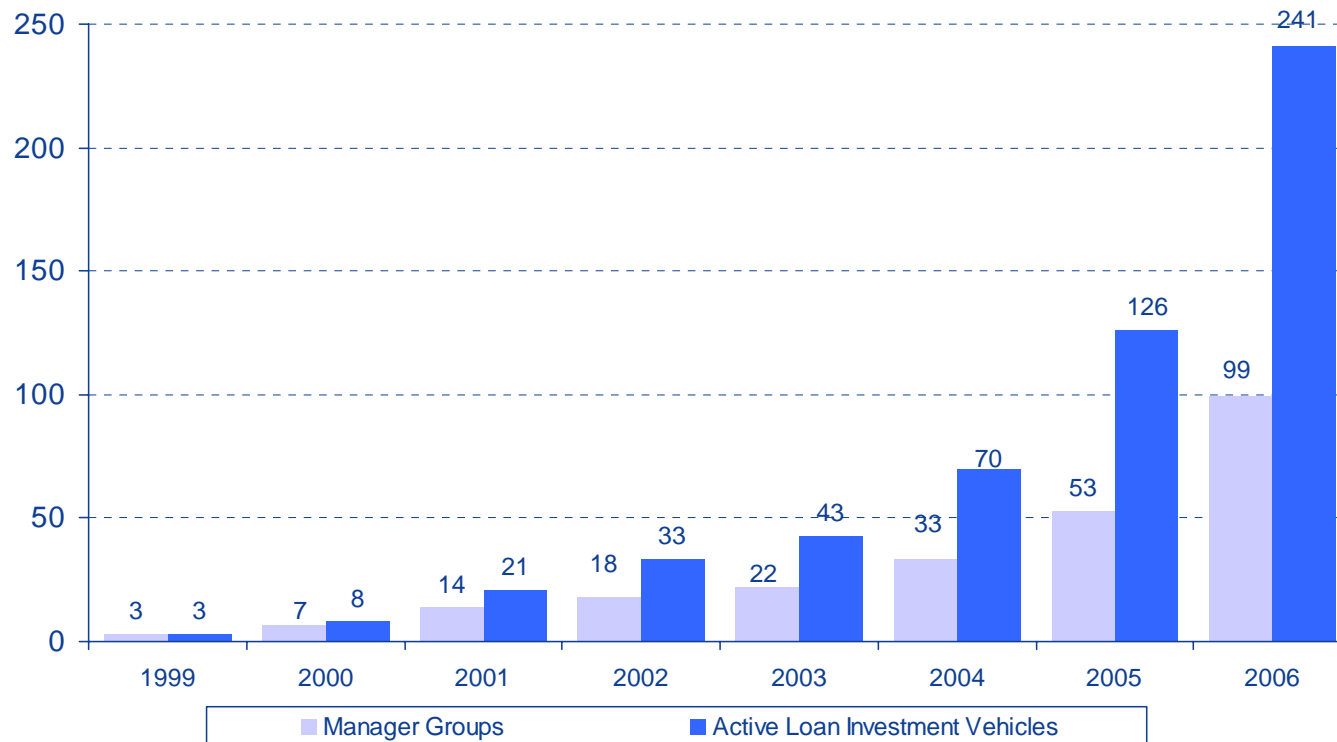
Source: ICG Data

Quarterly Gearing for New Loans



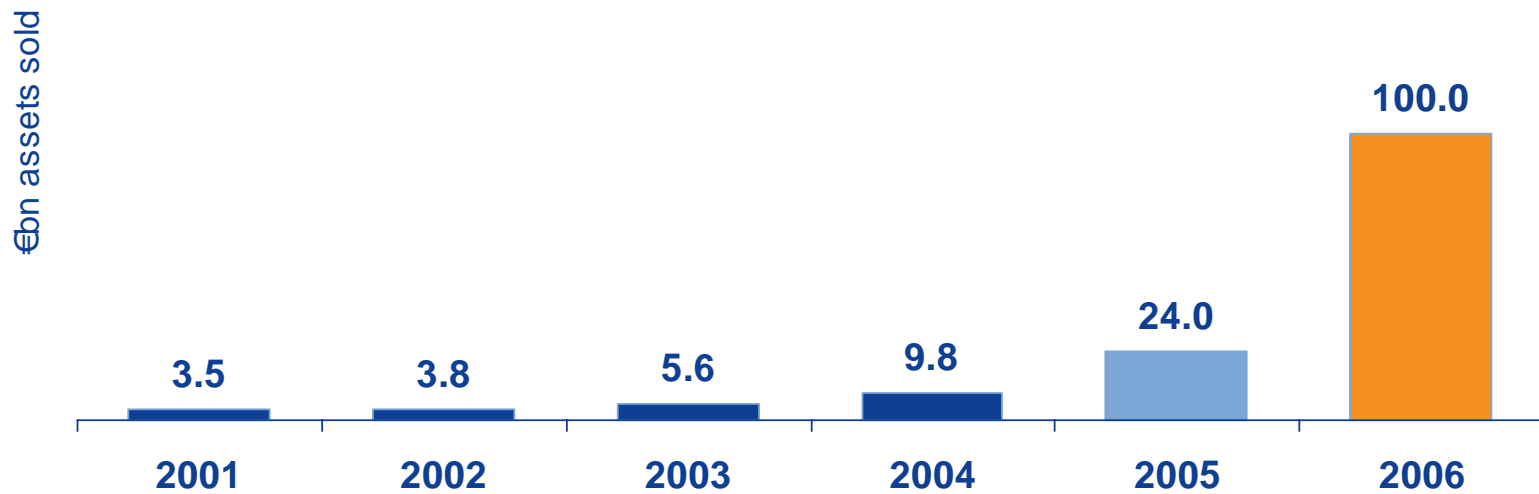
Source ICG: weighted average excluding BAA & SSP

Evolution of Institutional Market

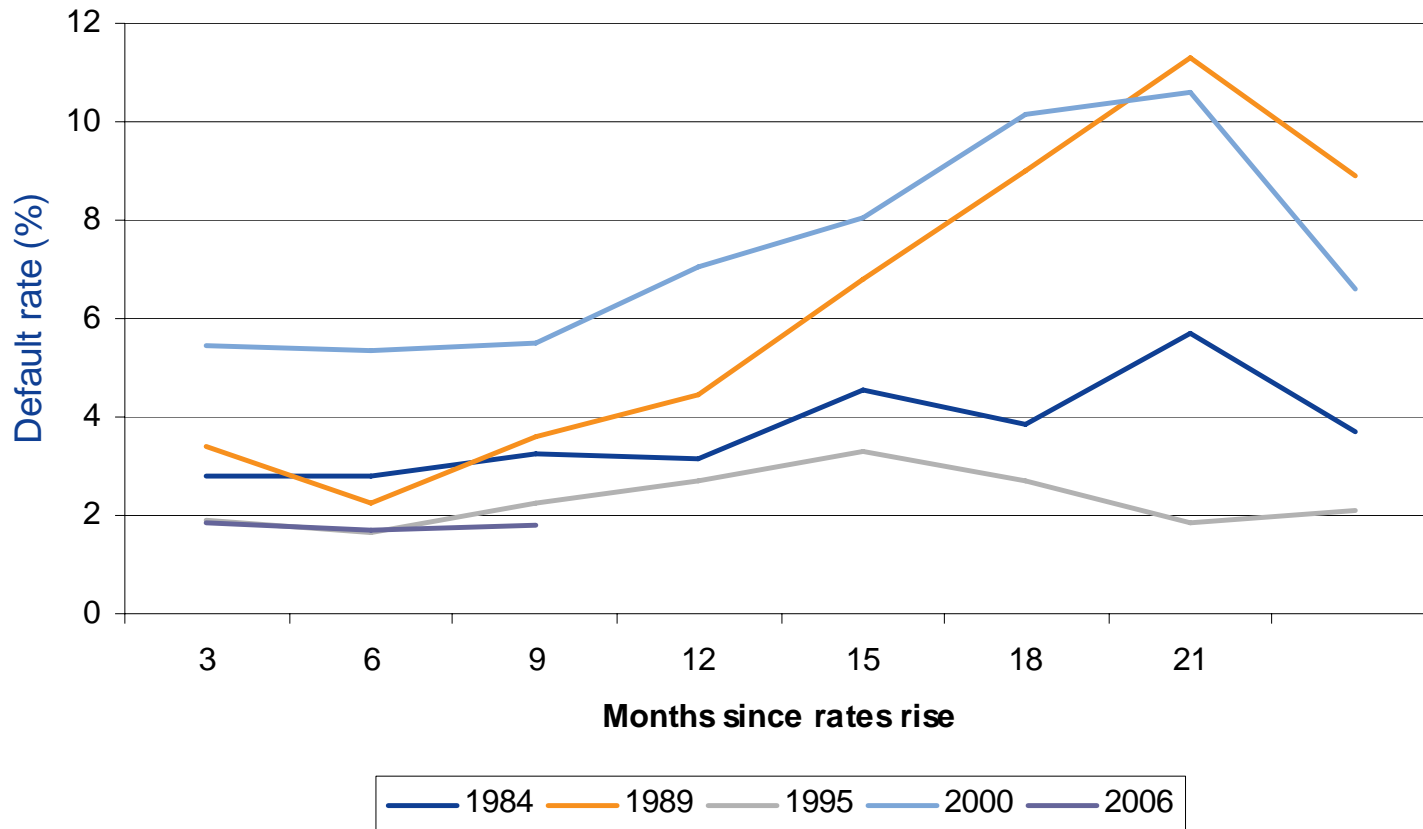


Source: S&P

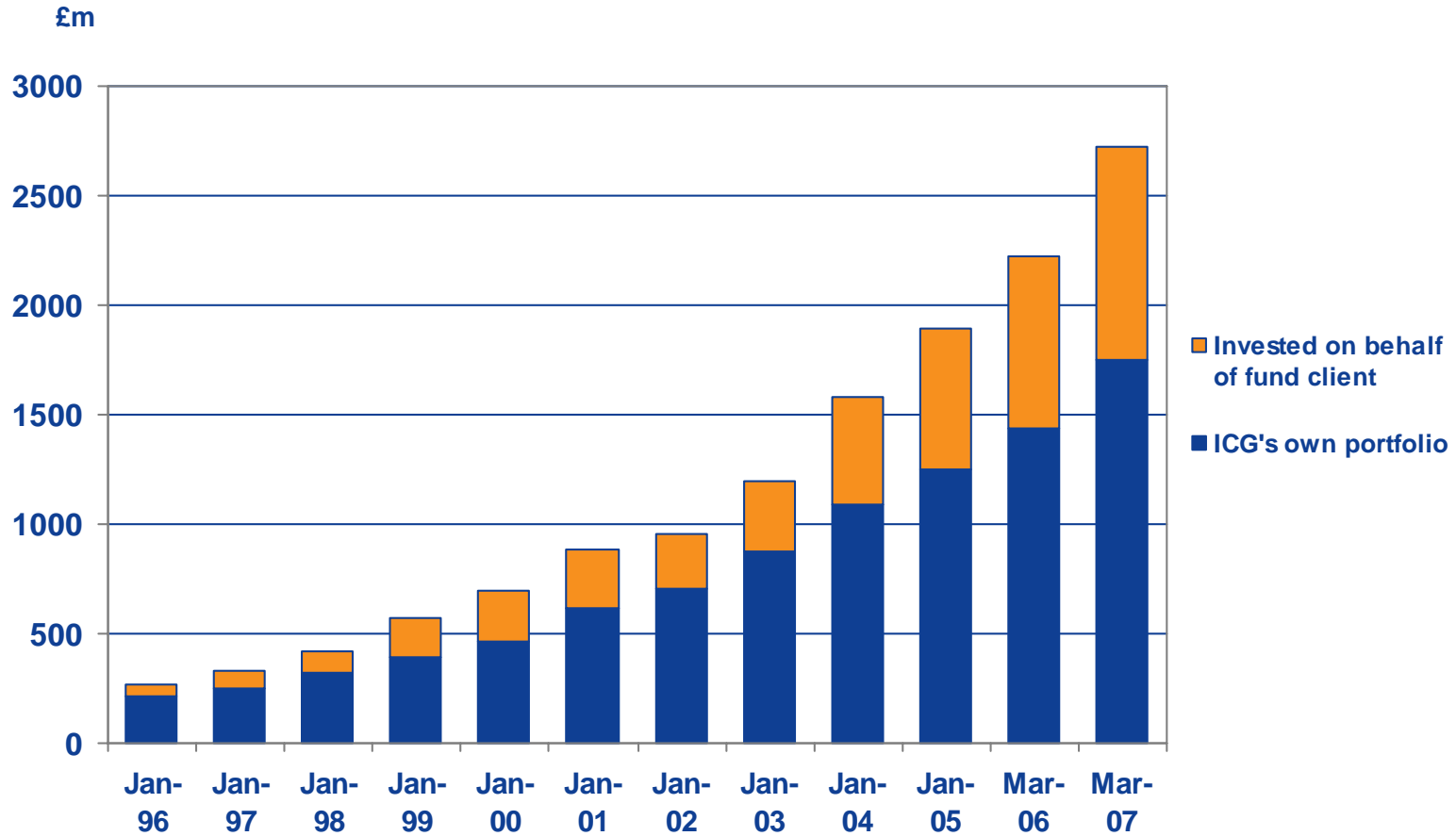
Increasing trading volumes



Impact of interest rates on defaults



Growth in Mezzanine Portfolio

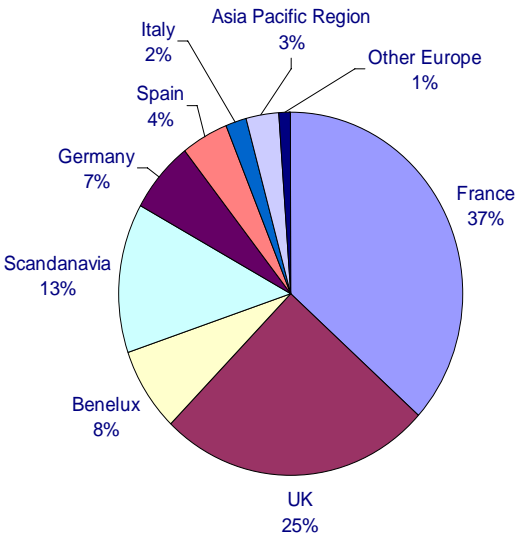


Analysis of Mezzanine Portfolio

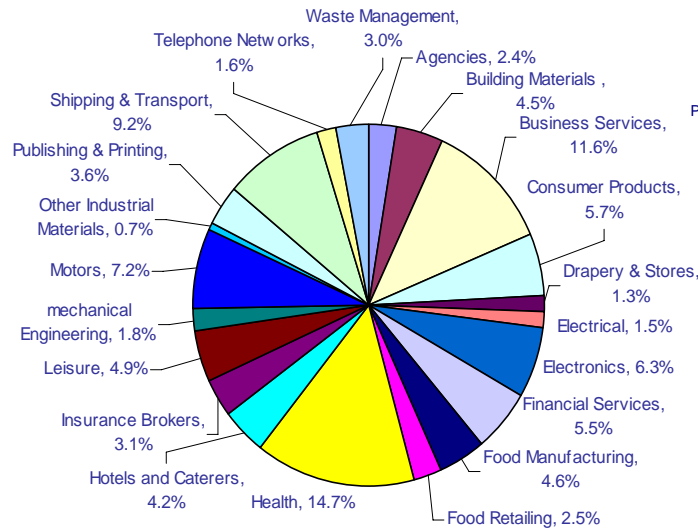
Year to 31 March 2007



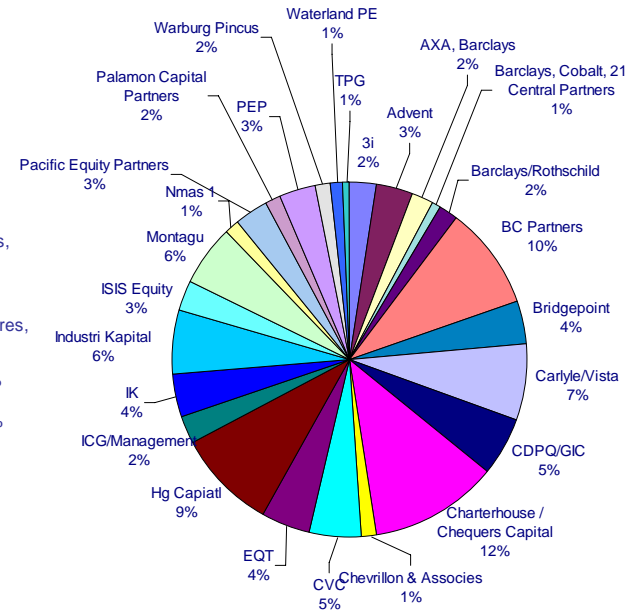
Portfolio by Geography



Portfolio by Sector



Diversification by Equity Sponsor



ICG's Investment Activity

6 months to 30 September 2006



Investment	Country	DealType	Business	Equity Sponsor	Currency	Mcurrency
BAA	UK	Acquisition	Airport Operator	CDPQ / GIC	STG	35.5
Cerba	France	Secondary Buyout	Speciality Laboratory	Industri Kapital	Euro	39.4
CMG	UK	Refinance	Care Home Operator	ISIS Equity	STG	30.0
Elior	France	Public to Private	Contract Catering	Charterhouse / Chequers Capital	Euro	16.0
Euroloc	Spain	Buyout	Equipment and Machinery Rental	Advent	Euro	36.5
Orizonia	Spain	Buyout	Tour Operator	Carlyle/Vista	Euro	110.1
Loyalty Partners	Germany	Buyout	Operator of Loyalty Cards	Palamon Capital Partners	Euro	23.3
Materis	France	Secondary Buyout	Aluminates, Mortars and Paints	BC Partners	Euro	85.0
Medica	France	Secondary Buyout	Nursing Homes and Elderly Care	BC Partners	Euro	66.3
Mehilainen	Finland	Acquisition	Private Healthcare	3i	Euro	20.0
Minimax	Germany	Buyout	Fire Protection Systems/Services	Industri Kapital	Euro	55.0
Groupe Moniteur	France	Secondary Buyout	Magazine Group	Bridgepoint	Euro	58.0
Motip Dupli	Netherlands	Secondary Buyout	Manufacture of Aerosol Paints	ICG/Management	Euro	37.9
Sebia	France	Secondary Buyout	Clinical Diagnostic Equipment Producer	Montagu	Euro	90.0
SSP	UK	Buyout	Travel Catering	EQT	STG	48.0
Tegel	New Zealand	Buyout	Producer of Chicken and Turkey Products	Pacific Equity Partners	NZ\$	94.5
Viadom	France	Secondary Buyout	Home Hairdressing	Barclays/Rothschild	Euro	25.0
Visma	Norway	Public to Private	Business Software and Enterprise Resource Planning Services	HG Capital	NOK	1,125.0

ICG's Investment Activity

6 months to 31 March 2007



Investment	Country	DealType	Business	Equity Sponsor	Currency	Mcurrency
Albingia	France	Buyout	Insurance	Chevillon & Associates	Euro	21.0
Apem	France	Buyout	Manufacturer of switches and keyboards	Barclays, Cobalt, 21 Central Partners	Euro	11.0
Attendo	Sweden	Secondary Buyout	Elderly and Disabled Care Services	IK	SEK	550.0
BAA	UK	Acquisition	Airport Operator	CDPQ / GIC	STG	22.2
Bodybell	Spain	Recapitalisation	Retailer of perfumes and cosmetics	Nmas 1	Euro	20.0
Easycash	Germany	Buyout	Card Payment Network Service Provider	Warburg Pincus	Euro	25.0
Elior	France	Public to Private	Contract Catering	Chaterhouse/Chequers Capital	Euro	142.0
Fraikin	France	Secondary Buyout	Truck and Van Rental	CVC	Euro	76.1
Gerflor	France	Secondary Buyout	Manufacturer of PVC Flooring	AXA, Barclays	Euro	35.0
AAS Link	Australia	Buyout/Refinance	Share Registry and Fund Administration	PEP	AUS\$	85.0
Loewenplay	Germany	Secondary Buyout	Gaming Arcade Operator	Waterland PE	Euro	15.0
Mayborn	UK	Public to Private	Manufacturer of Baby and Household Products	3i	STG	12.1
Medi-Partenaires	France	Secondary Buyout	Hospital Care Group	Management	Euro	140.0
TDF Tower	France	Secondary Buyout	Broadcast Transmission Services	TPG	Euro	10.0
Vivarte	France	Secondary Buyout	Clothing & Footwear Retailer	Charterhouse	Euro	10.0

Fund Management

Mezzanine Fund Management



- **Mezzanine Funds performing satisfactorily**
- **Mezzanine Fund 2000 already returned over 100% of investor commitments**
- **Mezzanine Fund 2003 fully invested**
- **European Fund 2006 closed at €1.25billion of equity and €1billion of gearing**

Fund Management

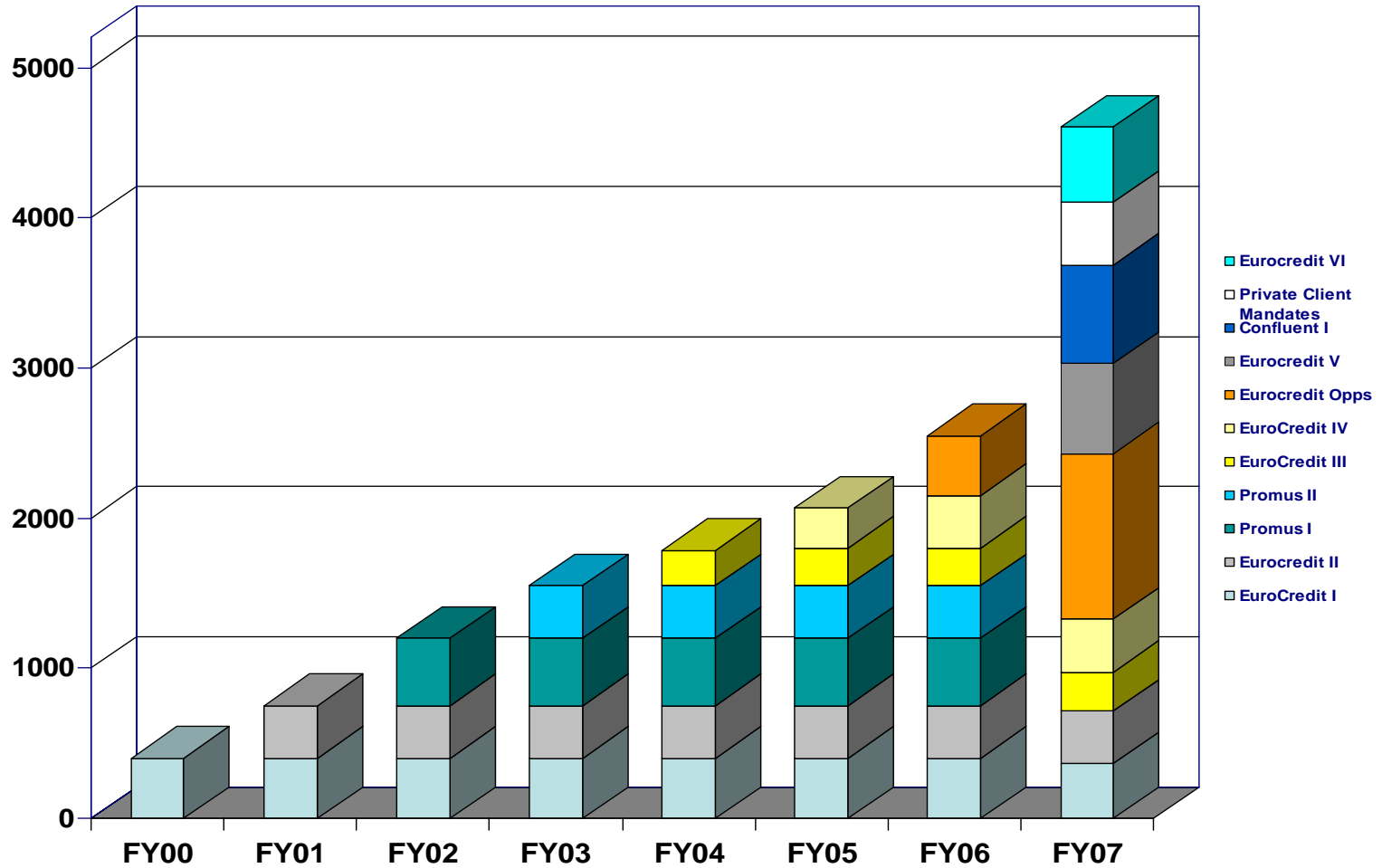
Non-mezzanine Fund Management



- CDO funds: Performing very well
- Funds under management €4.5bn up from €2.5bn
- Fee income of £14.9m up from £8.6m
- Eurocredit Opportunities Fund enlarged to €1.1bn and still performing really well
- Successful acquisition of further new clients

Fund Management

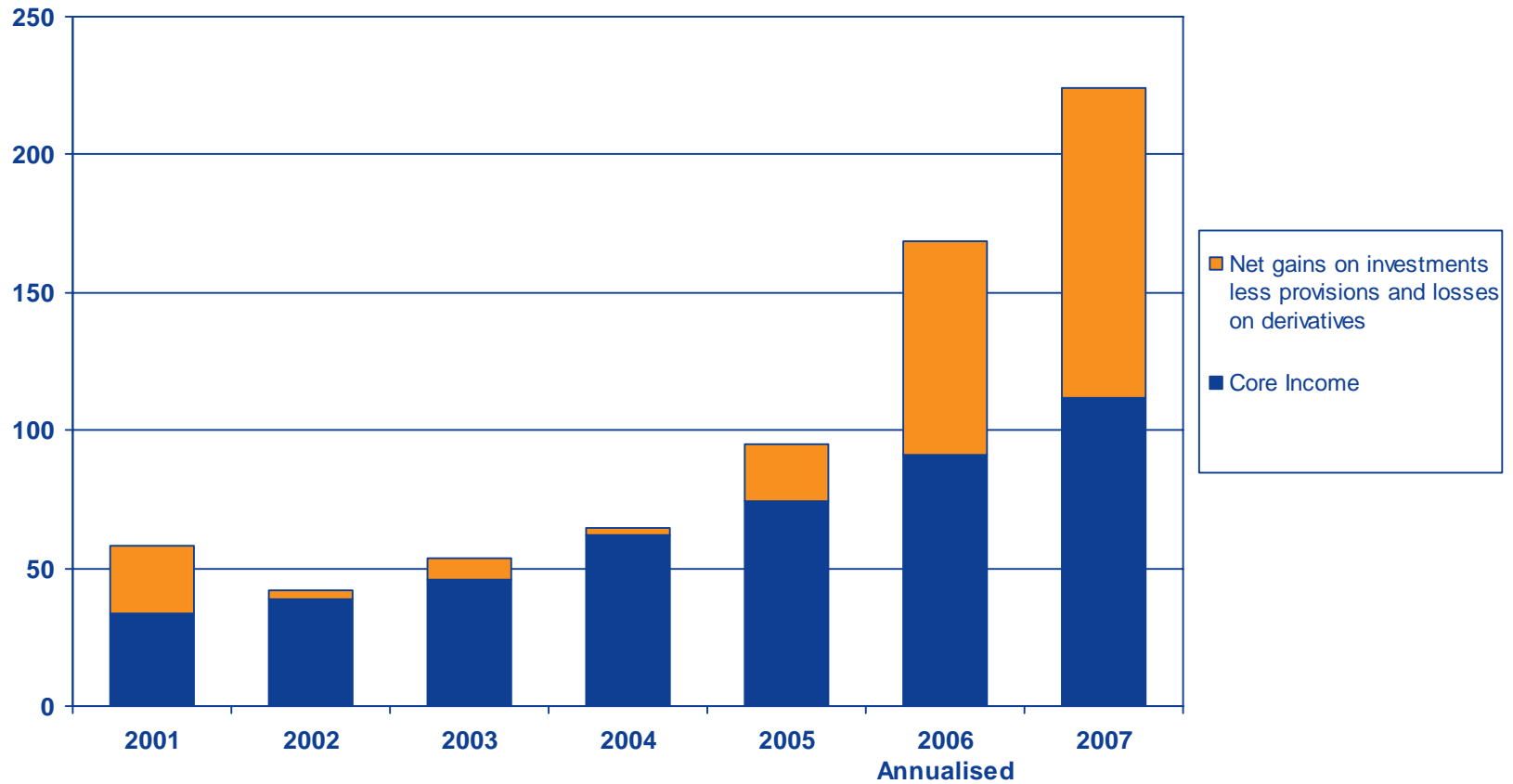
Non-mezzanine Fund Management



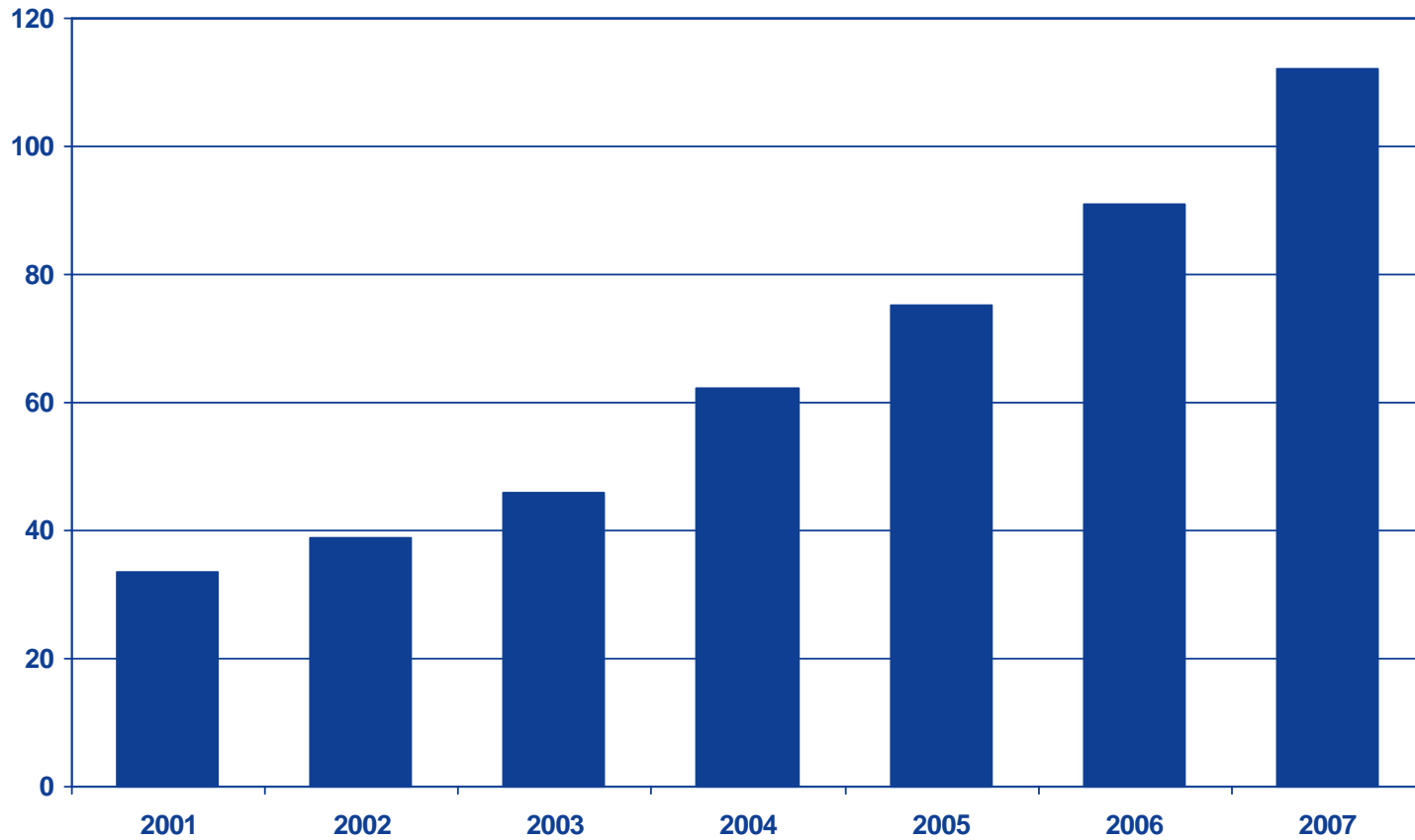
Pre-tax profits



£m



Core Income Growth



Core Income



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	<i>Increase</i>
<hr/>			
Income			
Interest and dividend income	196.8	146.3	35%
Fee and other operating income	33.3	23.8	40%
	230.1	170.1	35%
Less: related expenses			
Interest payable and other related financing costs	(66.6)	(45.2)	47%
Add back: net losses on derivatives held for hedging purposes	8.2	5.6	46%
Administrative & Operating expenses	(59.7)	(39.4)	52%
Core Income	112.0	91.1	23%
Core Income per share	105.5	86.2	22%

Net Interest Income



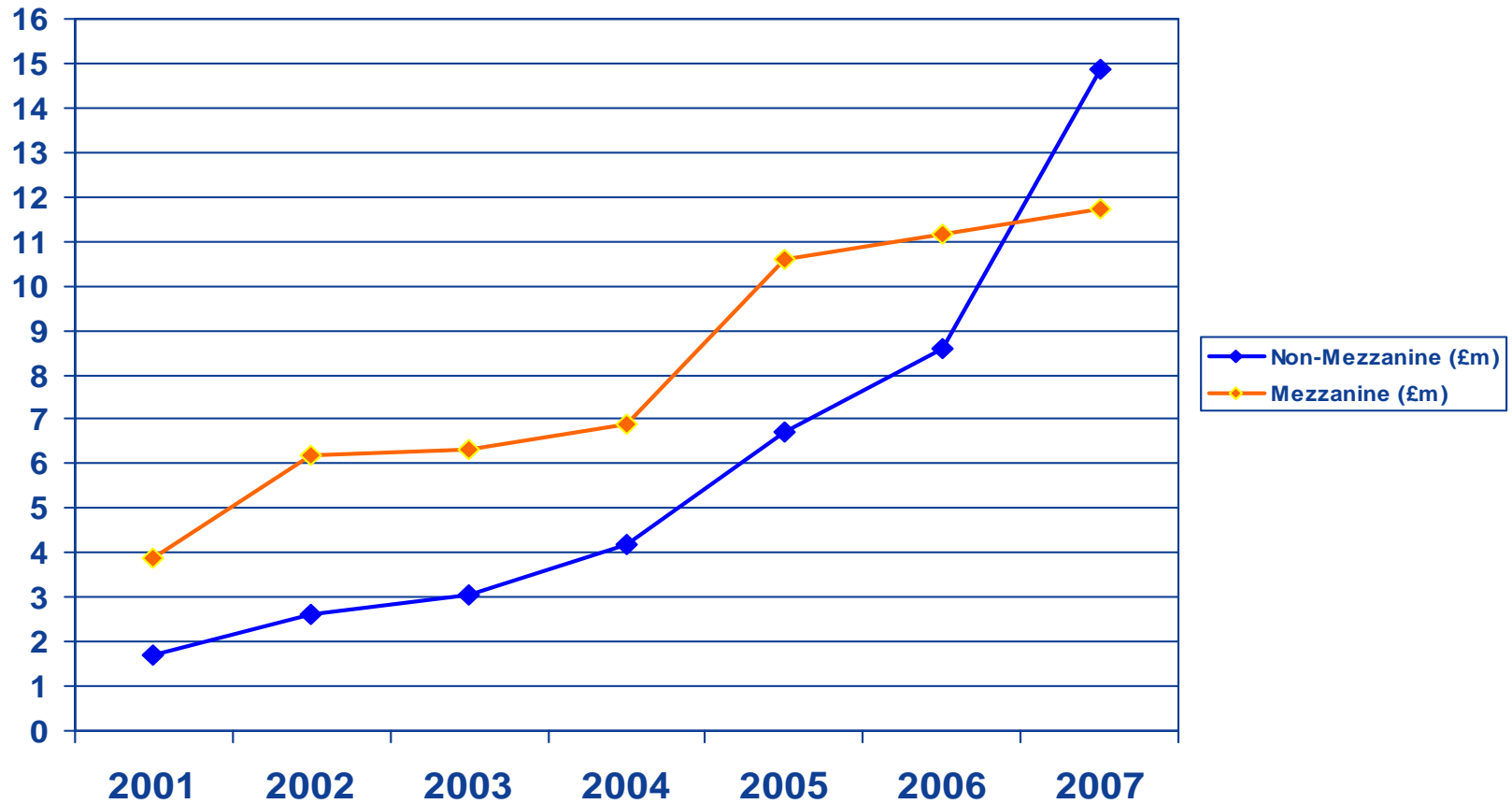
	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	Increase
Interest Income	196.8	146.3	35%
Interest Expense	58.4	39.6	47%
Net Interest Income	138.4	106.7	30%

Fee Income



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	<i>Increase</i>
Arrangement/underwriting fees	6.7	4.5	51%
Fund management fees	26.6	19.4	37%
	33.3	23.8	40%

Fee Income 2001-2007



Operating Expenses



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	Increase
Staff Costs	32.8	17.0	93%
Other admin costs	14.1	11.1	27%
	46.9	28.1	67%
Medium Term Incentive scheme*	12.8	11.3	13%
Operating Expenses	59.7	39.4	51%
Expenses as % of core income	53%	43%	

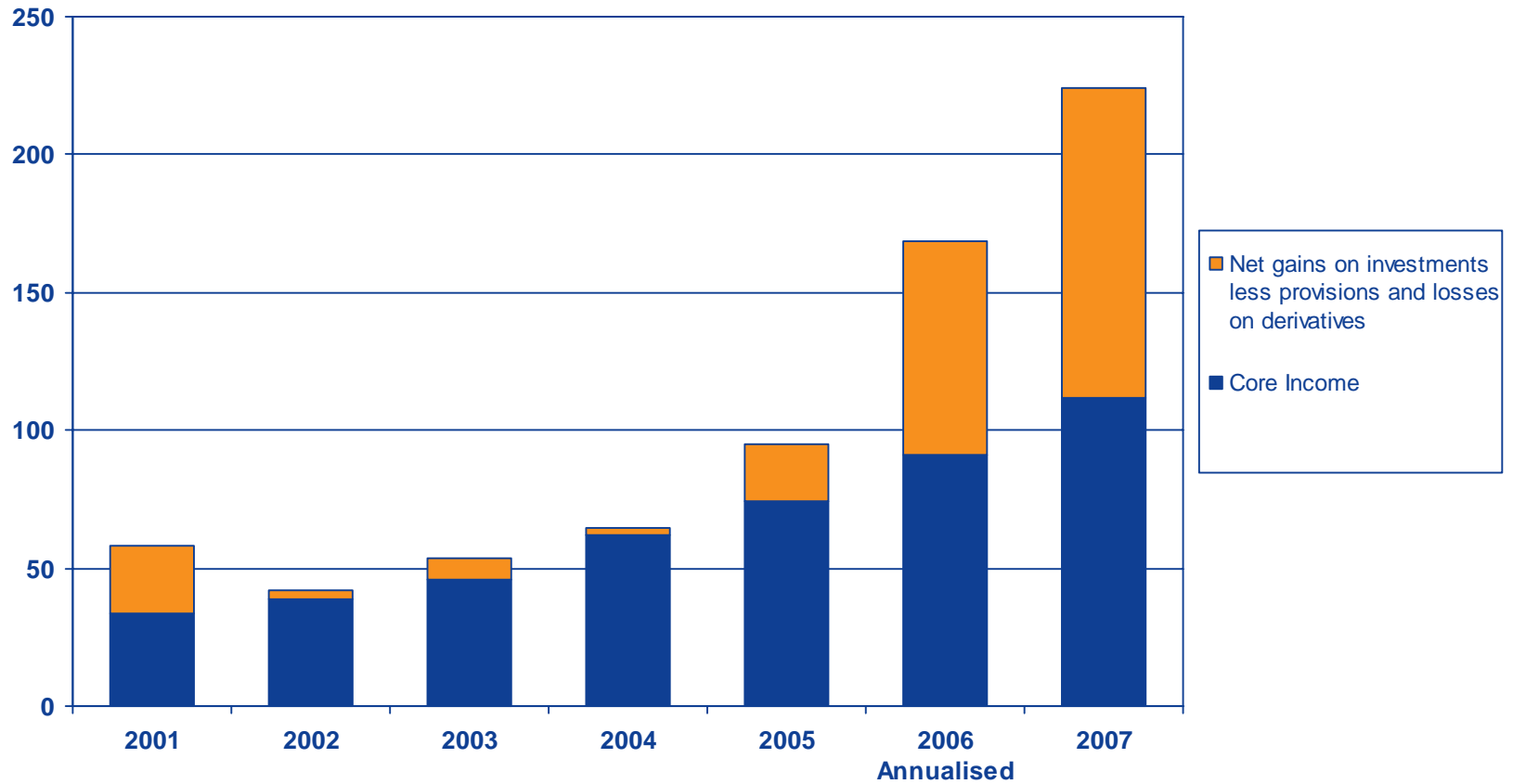
* Charge relates to accrual of rolled up interest

Investments in Operating Expenditure



■ Senior Hires	£3m
■ New Offices	£0.5m
■ Infrastructure	£1m
■ Fund Management Incentives	£8m

Pre-tax profits



Pre-tax profits



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	Increase
Interest and dividend income	196.8	146.3	35%
Gains on investments	197.0	124.2	59%
Fee and other operating income	33.3	23.8	40%
	427.1	294.3	45%
Interest payable and other related financing costs	(66.6)	(45.2)	47%
Impairment of assets	(34.8)	(23.4)	49%
Administrative expenses	(101.7)	(62.6)	62%
Profit before tax	224.0	162.9	37%

Gains on Investments



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>	Increase
Realised gains on investments	188.1	118.4	59%
Unrealised gains on investments	8.9	5.8	53%
Cost of medium term incentive scheme	(42.0)	(23.4)	79%
Net gains on investments	155.0	100.8	54%

Impairments



	<i>Year ended 31 March 2007 £m</i>	<i>12 months Ended 31 March 2006 (annualised) £m</i>
Gross Impairment	37.9	30.3
Impairments net of write backs	34.8	23.4

This year's impairments relate primarily to five new underperforming loans and a further provision on an existing underperforming loan

Pre-tax Profits, Earnings per Share & Dividends



	<i>Year ended 31 March 2007</i>	<i>12 months Ended 31 March 2006 (annualised)</i>	Increase
Pre-tax profits	£224.0m	£162.9m	37%
Earnings per share	204.6p	153.7p	33%
Dividend per share	58.0p	48.0p	21%

Balance Sheet



	<i>31 March 2007</i> £m	<i>31 March 2006</i> £m
Loans and investments	1,765	1,514
Net current liabilities	(11)	(39)
	1,754	1,475
Shareholders' funds	602	493
Borrowings	1,152	995
	1,754	1,475
Gearing ratios	192%	199%
Debt facilities	£1,951m	£1,451m

Investment Activity

Net New Investment



- **New lending growth strong for the period - £1,221m million arranged or provided in 31 transactions**
- **Increased opportunities in growth capital**
- **Unusually high levels of refinancings (2.5% of opening loan book) in the second half**

ICG's Portfolio



	<i>6 months to 30 September 2006 £m</i>	<i>6 months to 31 March 2007 £m</i>
Opening Portfolio	1,494	1,632
New Loans	421	306
Repayments	(242)	(194)
Net new lending from refinancing	8	(3)
Accrued cash interest	15	28
Net revaluation and impairments	(64)	(20)
Closing Portfolio	1,632	1,749

Balance Sheet

Amended Debt Facilities



- **Increased Quantum**
- **Capacity to invest in more jurisdictions**
- **Capacity to invest in different instruments**
- **Flexibility to make opportunistic investments**

Prospects



- **Strong growth in LBO markets**
- **Rising liquidity and competition**
- **Lower spreads to limit growth in net interest income**
- **Maintenance of investment discipline essential**
- **Further growth in fund management activities in prospect**
- **Increased opportunities in growth capital; and**
- **Further geographic expansion.**

Five Year Strategic Plan FY2007 – 2012

People



**Ours is a people business and success will depend upon
employing and motivating great people**

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