

RISING TO MEET GLOBAL CHALLENGES



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Andrew Sykes
Interim Chairman

To fellow shareholders,

It is a pleasure to write to you in my role as Interim Chairman of ICG¹. As you are aware, Lord Davies of Abersoch, the Chairman since 2019, tendered his resignation in March 2022 due to the significant increase in time required by commitments to his other responsibilities. The Board is hugely grateful for his leadership through the challenges of the Covid-19 pandemic, and for the guidance and support he gave our management through a period of continued strong growth. We wish him all the very best for the future. In accordance with our protocols for Board succession, the Nominations and Governance Committee is undertaking the process to find a permanent successor for Lord Davies, and during this period the Board has appointed me as Interim Chairman. We will of course update shareholders in due course, and further details of this process, along with various changes to the Board's committees as a result of this change, can be found on page 92.

In his letter last year, Lord Davies spoke about the importance of innovation and resilience as the world looked to navigate a path out of the Covid-19 pandemic. Science has now enabled the daily lives of many people to return to something more normal following the pandemic, but as we shift from the acute stage of the pandemic to a more endemic phase, new and potentially enduring challenges are presenting themselves. Government responses to the pandemic in developed economies were extraordinary, mobilising the productive and economic power of the state to fund vaccine research, extend credit to businesses, and support individuals. The consequences socially and in the capital markets of unwinding such a dramatic and wide-ranging state intervention were always likely to be uncomfortable. Combined with an uncertain economic outlook, increased geopolitical instability, and pre-existing tensions in the social fabric of many countries, the coming years have the potential to be particularly unpredictable.

The economic and geopolitical background has been made even more uncertain and challenging with Russia's invasion of Ukraine. First and foremost, we are mindful of the terrible human suffering of innocent people that is occurring in Ukraine, and as a firm we have made a meaningful donation to help those fleeing the conflict. While we do not have a presence in Ukraine, a number of colleagues (including those in our Warsaw office) are personally and directly affected. We will continue to do all we can to support them and, more broadly, I am proud of the number of colleagues who have sought ways to personally help the relief effort.

1. Intermediate Capital Group plc and its subsidiaries.

From a commercial perspective, ICG has no material direct or indirect exposure to Russia or Ukraine. However, the second- and third-order consequences could have far-reaching effects on businesses, economies and capital markets globally. The increases in inflation and interest-rate expectations so far this year, accompanied by some quite significant movement in valuations of certain sectors, give an indication of how volatile this period might be.

There have of course been a number of other shocks and periods of economic uncertainty since the Global Financial Crisis, including the Great Recession, the Euro crisis, the 'taper tantrum', and Brexit. Throughout these periods, ICG has repeatedly demonstrated its resilience, as we did during the Covid-19 pandemic. We have focused on executing a clear strategy of expanding our product offering, client base, and AUM. We have delivered this strategy consistently and successfully, and in doing so, we have grown and diversified the sources of our fee income.

Today ICG has a broad range of products, spanning the entire capital structure from common equity to senior debt. From the perspective of our portfolio companies, we are a partner who can provide the most appropriate form of capital to meet their needs. For our clients, this diversification allows us to help them achieve their investment objectives in their private markets allocations – whether in structured and private equity, private debt, real assets, or credit. For shareholders, the diversity of our business is a powerful driver of resilience and growth, providing multiple streams of management fee income that are locked in over the life of our funds.

OUR GROUP

We are global, but multi-local rather than multinational, directly impacting local communities

525 employees

15 countries

We therefore take a long-term view when looking at the performance of our business, in line with our five- to ten-year investment cycle that generates value for clients over time. By consistently executing well, we are reinforcing strategic advantages that will provide the potential to capitalise on the opportunities ahead.

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On its own, however, our track record is not a guarantee of future success. We also need to have the right people and client offering to continue to develop and grow our business. Here, we benefit enormously from our long-term approach and robust capitalisation that enable us to invest in our people and to successfully innovate and scale new investment strategies.

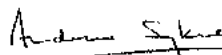
Our ability to attract, retain and develop the best people underpins every part of our business: investing our clients' capital; managing our client relationships; and keeping the infrastructure of the business operating in an environment of very rapid growth. We compete in a global marketplace for talent, and our successes at recruiting and retaining people at all levels are a testament to the dynamic, entrepreneurial and stretching career opportunities we offer.

The successful first-time fund raises for Sale and Leaseback and Infrastructure Equity during the year underline many facets of how we grow and create shareholder value, including how a thoughtful approach to sustainability can generate strong client demand, provide attractive economic returns and make a positive impact. They are also evidence of the emphasis ICG has placed on this critical aspect of our business. We will continue to assess our product offering in light of social and environmental concerns, ensuring that we both mitigate risks and capture new growth opportunities presented by these shifts.

In our conversations with shareholders over the last twelve months we have been encouraged by the level of engagement on these topics, as also evidenced by the positive response we received to our shareholder seminar on sustainability and people earlier this year. It is clear to all of us that the public markets are taking an increasingly sophisticated and nuanced approach to the qualitative issues of an organisation's culture, its impact on wider society and the environment, and how successes in these areas combine to help generate future shareholder value.

Volatility and uncertainty are never comfortable environments. As individuals, businesses and societies look to adjust to changing circumstances, we will be guided by a strong set of values, constantly seek to innovate, and be agile in capturing opportunities where they arise. Through multiple periods of uncertainty, ICG has successfully grown and developed. Our resilient business model, increasing scale and the breadth of our platform mean we look to the future with confidence that we will continue to create long-term sustainable value for our shareholders and clients.

Looking back over a year of notable growth and investment success, I salute the hard work, creativity and dynamism of the ICG team, and I would like to take this opportunity to thank them all on behalf of the Board.



Andrew Sykes
Interim Chairman

25 May 2022