



# First half results presentation

17 November 2020



# Key highlights

## Strong fundraising in an off-cycle year and accelerating pace of deployment

**€2.6bn**

Fundraising

**€2.1bn**

Deployed

**€10.8bn**

Dry powder

## Results reflect embedded growth and increasing diversification of business model

**€46.1bn**

AUM up 2% on March '20

**£90m**

FMC profit up 6%

**£103m**

IC profit up 56%

## Robust and diversified balance sheet – profit growth drives increased dividend

**22**

Strategies

**£1bn**

Liquidity

**0.67x**

Net gearing

**Interim ordinary dividend up 13% to 17p per share**

# Powerful model combining predictable fee income and growth

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We are building a leading global private markets business

- ▶ Exceptional long term track record is our key asset and differentiator
- ▶ Closed end and long duration funds provide excellent visibility of future growth
- ▶ Balance sheet capital is a competitive advantage enabling further diversification and growth through new strategies
- ▶ Market trends are highly supportive, with increasing supply and demand combined with polarization favouring larger managers

# Continuing to strengthen our ESG commitments through the pandemic

## Responsible investing

- ▶ 100% of AUM covered by responsible investing policy
- ▶ >100 deals declined at the screening stage for ESG reasons
- ▶ TCFD disclosures included in Annual Report
- ▶ Climate framework tool developed for use in assessing all new deals
- ▶ Founding signatory of UK network: Initiative Climat International (iCI)



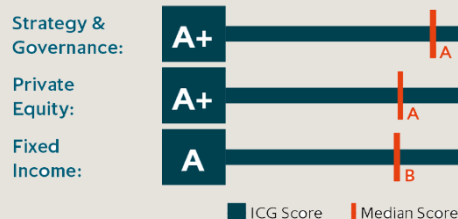
Private equity action on climate change

## Industry recognition

Signatory of:



### ICG's UNPRI Assessment Results 2020



### ICG's Commitment to Climate Change



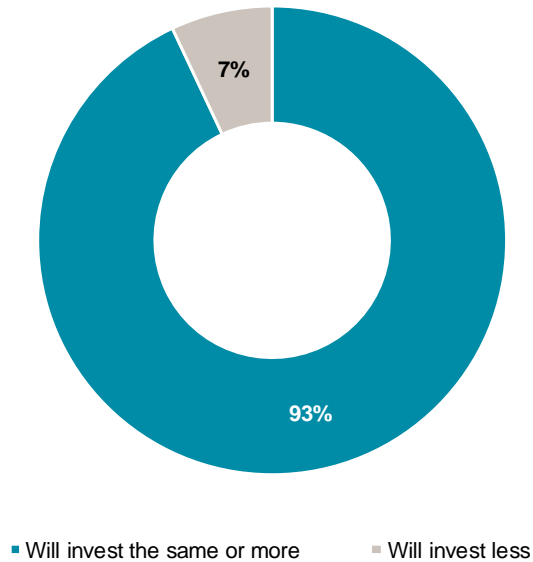
2020 Responsible Investing Report available on [www.icgam.com](http://www.icgam.com)

## Societal role

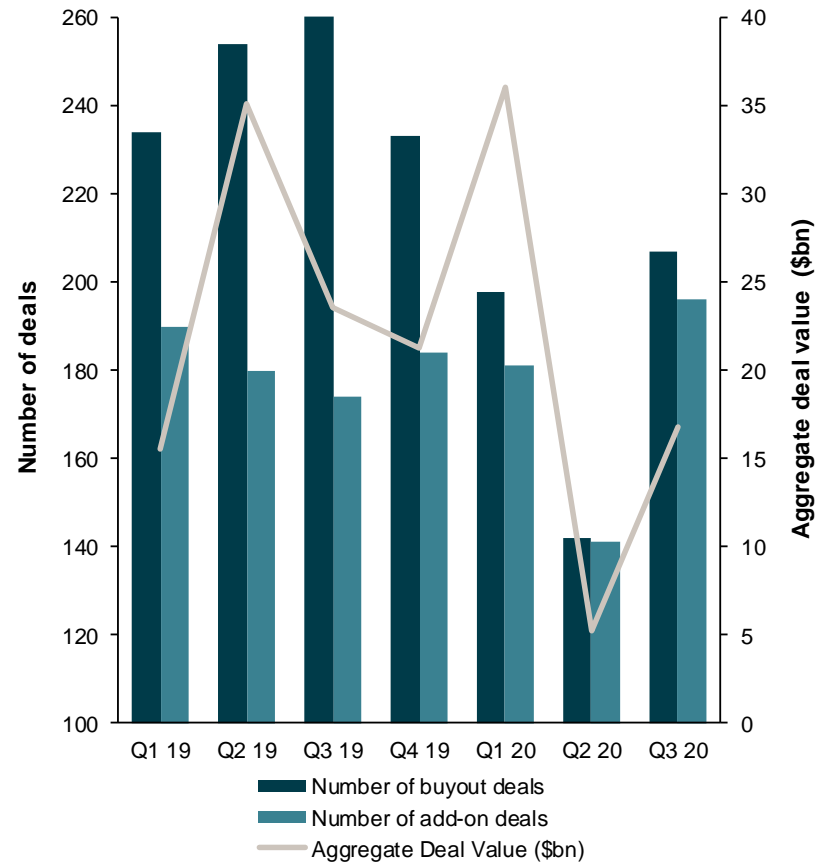
- ▶ Significant Covid-19 response initiatives across ICG portfolio companies including:
  - ▶ Switching manufacturing facilities to produce PPE
  - ▶ Donating food supplies
  - ▶ Staff redeployed to provide food delivery to hospitals
- ▶ ICG donated over £300,000 to support Covid-19 relief efforts
- ▶ Partnership with Think Forward, a youth employability charity, and Education Endowment Fund
- ▶ Supporting gender diversity as Level 20 and BUCS Women's Hockey sponsors
- ▶ Joined the #100blackinterns initiative in September 2020

# Long-term industry tailwinds

## Sentiment towards alternatives remains positive



## Deal activity rebounding in Europe



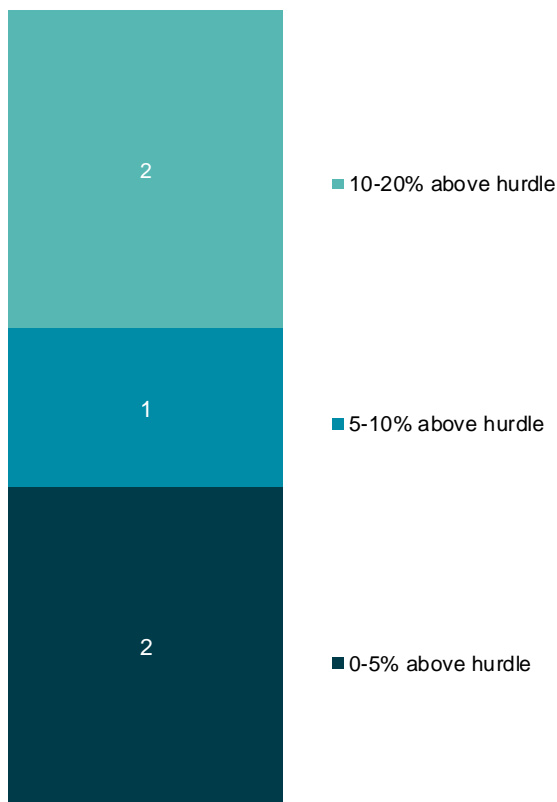
# Covid resilient portfolios supporting long-term fund performance

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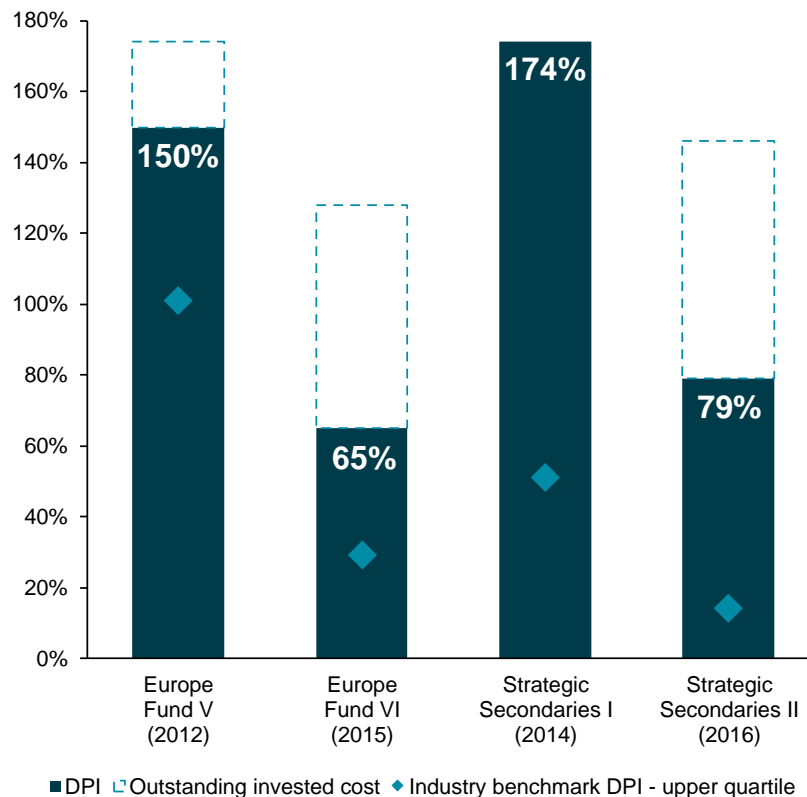
- ▶ Regular portfolio impact assessment from March onwards alongside management, with frequent client updates
- ▶ Performance recovered more quickly than expected with most companies trading at, or ahead of, pre-Covid levels
- ▶ Significant dry powder available to support portfolio companies if required in the future
- ▶ Focus quickly turned to value creation initiatives, including new product development and M&A activity
- ▶ Portfolio mix supports fund performance, with good diversification and focus on technology, healthcare and education sectors

# Disciplined approach to realisations anchors performance

H1 21 realised assets; performance against hurdle

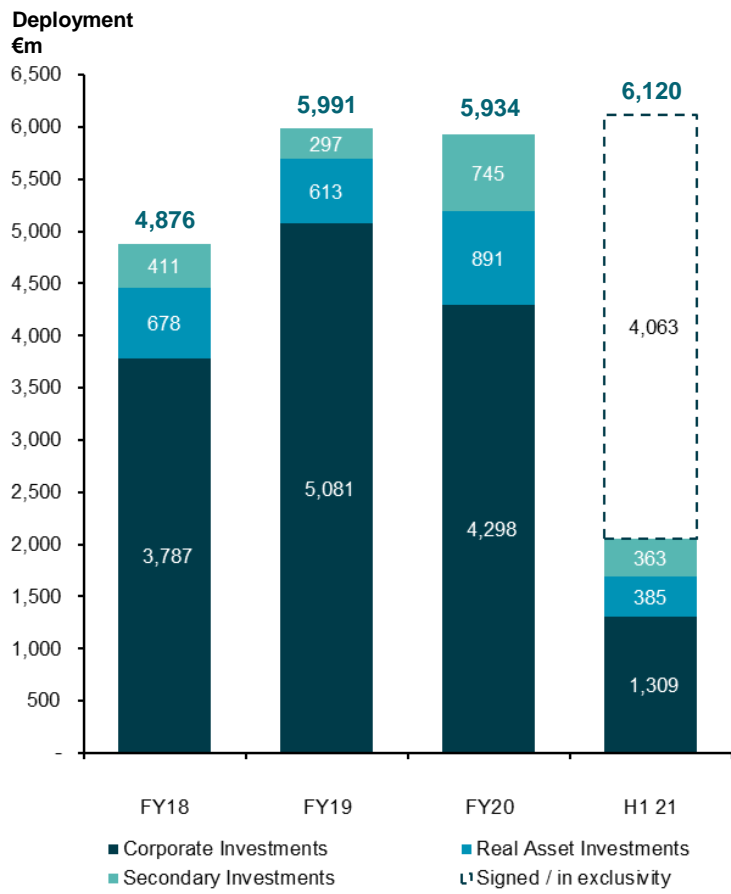


Gross distributions relative to paid in capital

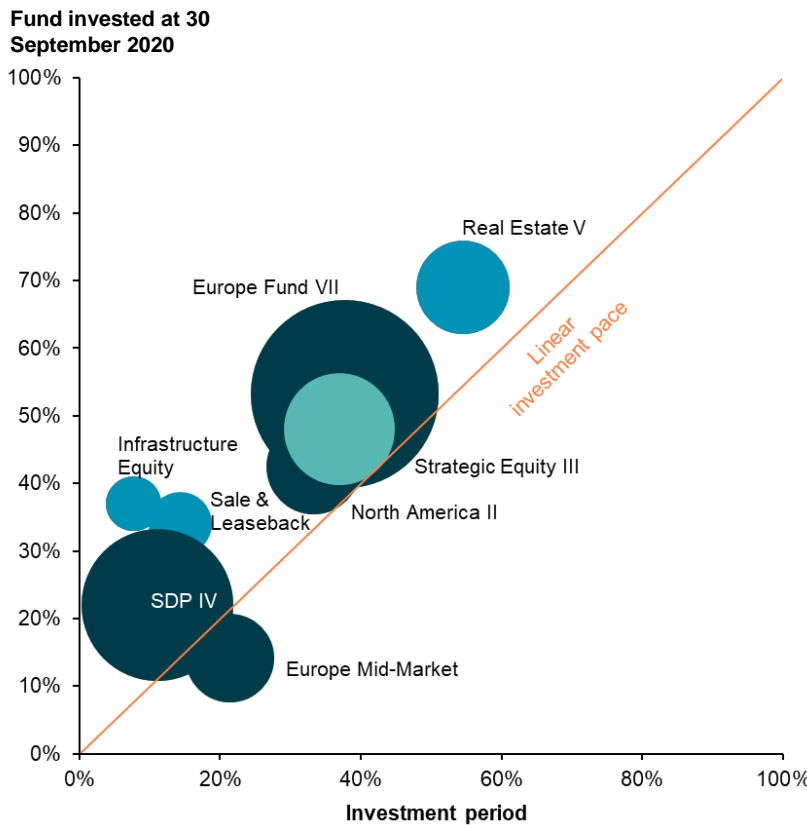


# Strong deployment bodes well for future fundraising

## Deployment trend



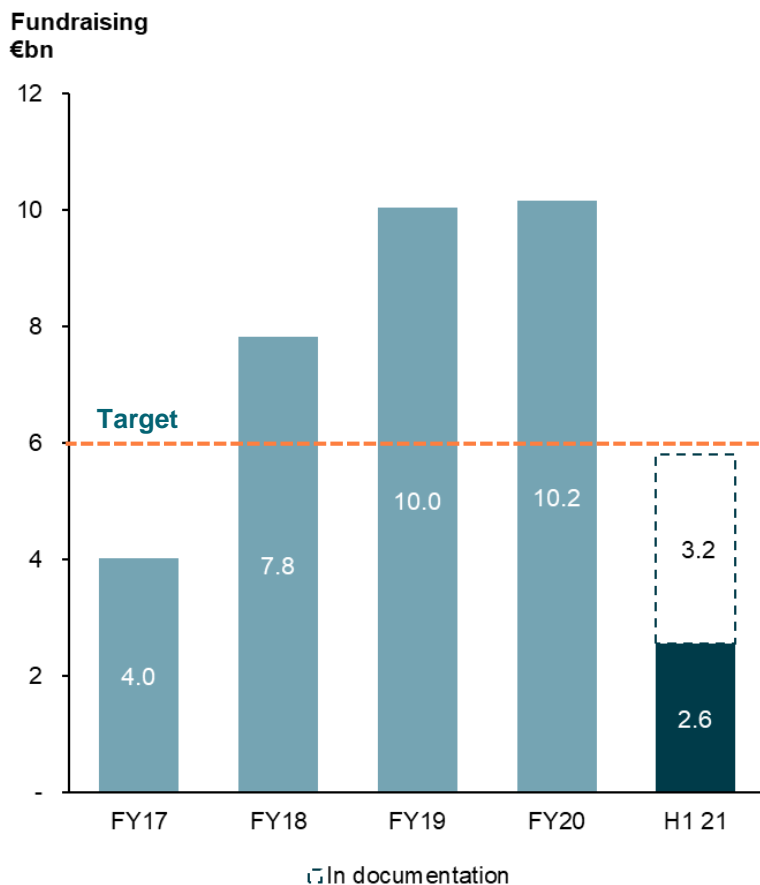
## Fund investment pace versus linear profile



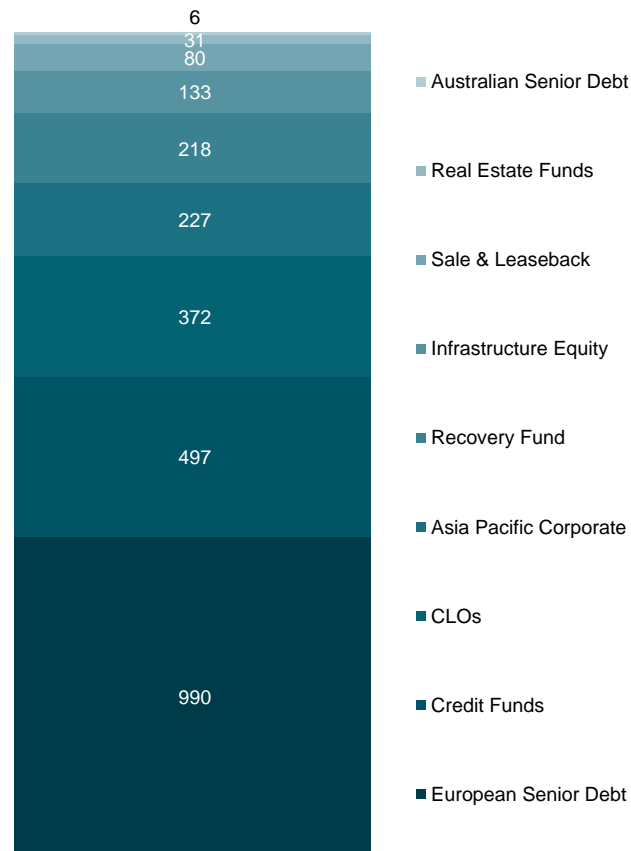


# Fundraising ahead of expectations in an off-cycle year

## Fundraising trend



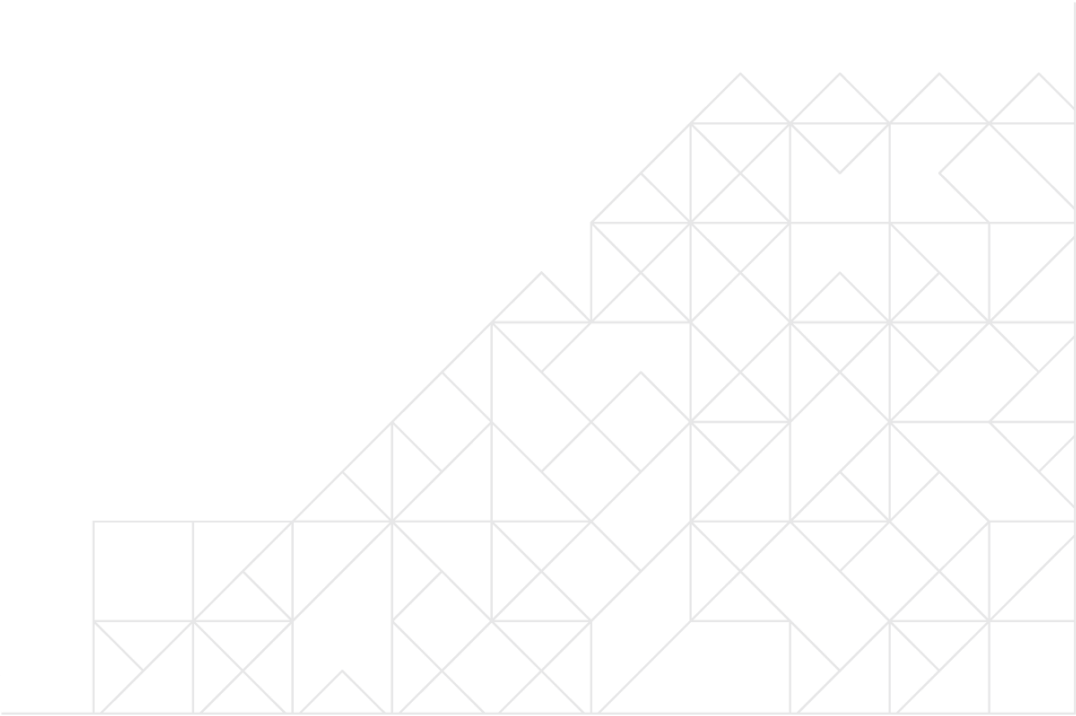
## Funds raised in H1 21 by strategy (€m)



# Accelerated fundraising plan provides positive momentum for continued profit growth

	Corporate Investments	Capital Market Investments	Real Asset Investments	Secondary Investments
Established strategies	<p>Senior Debt Partners IV to complete</p> <p><b>Europe Fund VIII to launch in FY22</b></p> <p>Asia Pacific IV to complete</p>	<p>US CLO closed in November</p> <p>Launch CLOs when market permits in FY22</p>		<p><b>Strategic Equity IV launched</b></p>
Emerging strategies	<p>Recovery Fund II fundraising ongoing</p>	<p>Open-ended liquid funds fundraising ongoing</p>	<p>Real Estate Debt Fund VI about to be launched (now with a Pan-European focus)</p>	
New strategies (Covid-19 impacting fundraising)	<p>North America Private Equity expected to launch in FY22</p>		<p>Infrastructure Equity and Sale &amp; Leaseback continue to fundraise</p>	<p>LP Secondaries expected to launch in FY22</p>

# Financial Review

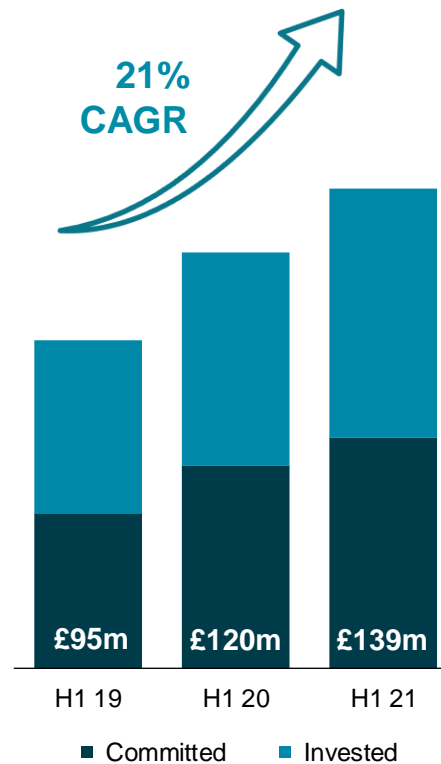


# Strong performance underpins growth

Average LTM Fee earning AUM



Management fees



FMC profit before tax



# Closed end fund model provides excellent fee visibility

Cumulative management fee visibility



## Other income

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### Performance fees

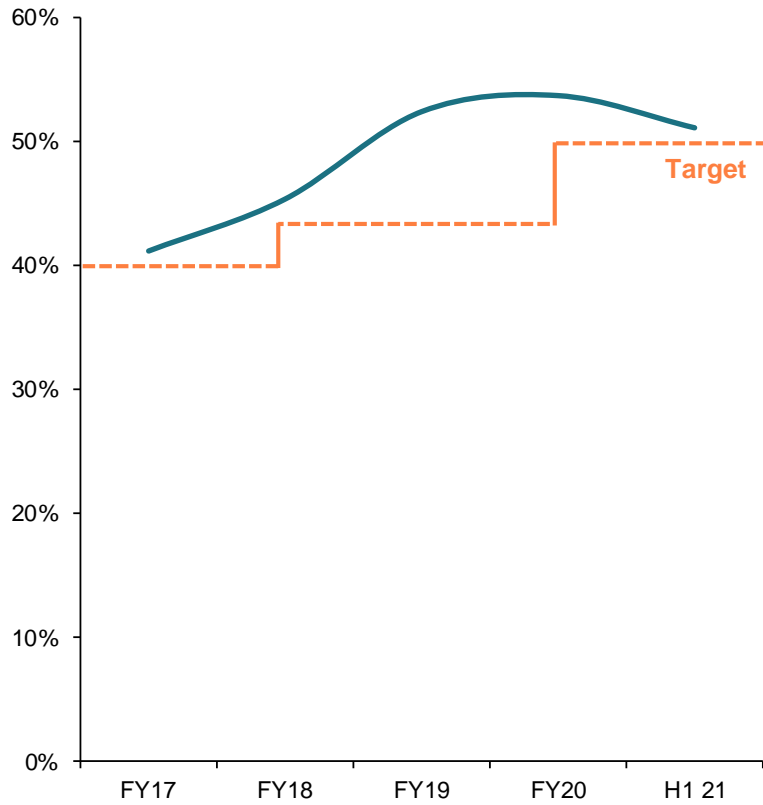
- ▶ £15.5m, representing 10% of H1 21 total third party fee income; in line with our long-term guidance
- ▶ Europe Fund VI performance fees recognised for first time
- ▶ Only recognised when highly probable
- ▶ Recognition dependent on the visibility of future realisations

### CLO dividends

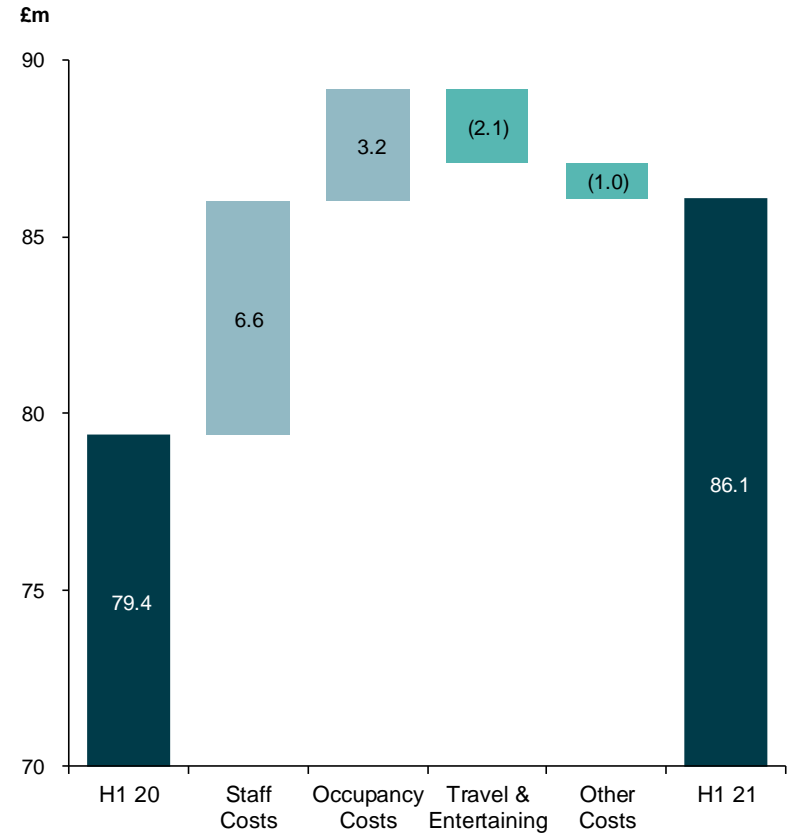
- ▶ £11.7m, representing 7% of H1 21 total income
- ▶ As expected, temporarily lower in FY21 due to Covid related credit rating downgrades
- ▶ Dependent on CLOs meeting credit rating tests

# Operating margin remains above target

## Operating margin trend



## Operating costs waterfall



# Diversified and robust balance sheet

Diversification



Net gearing

0.67x

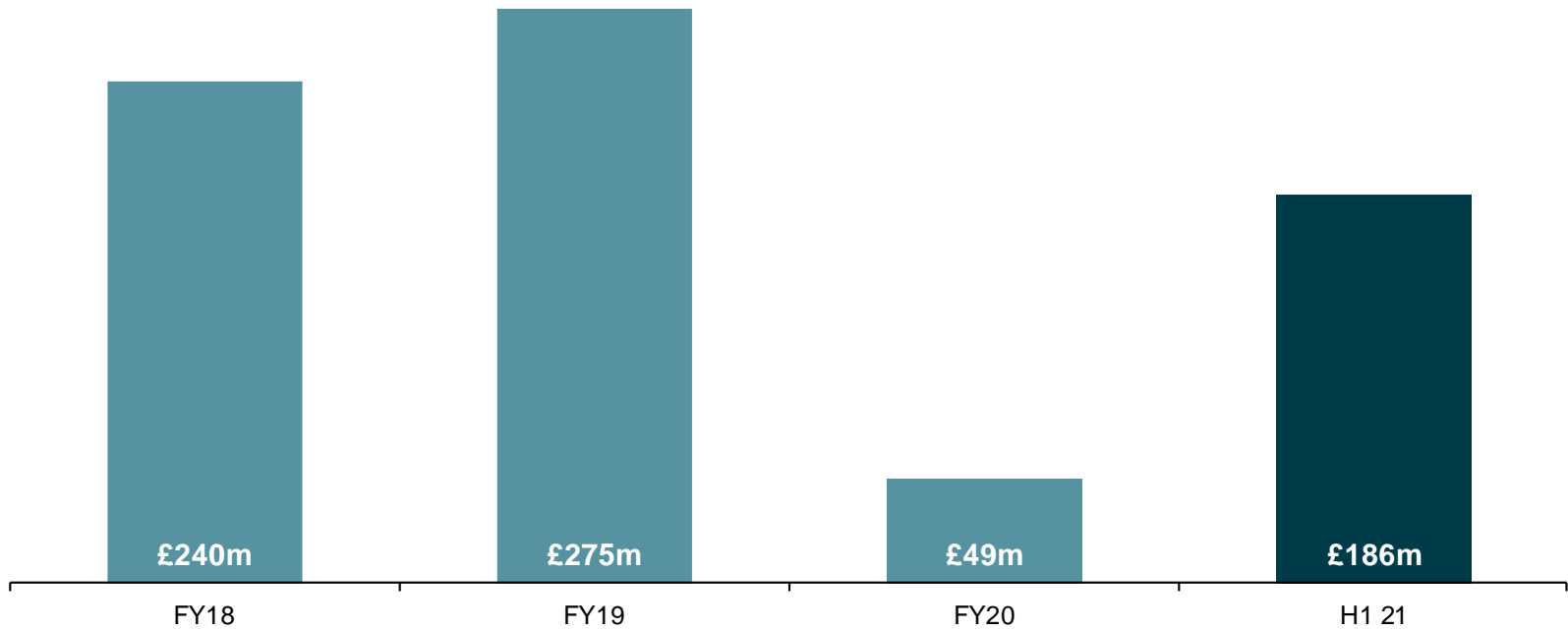
Liquidity

£1.0bn

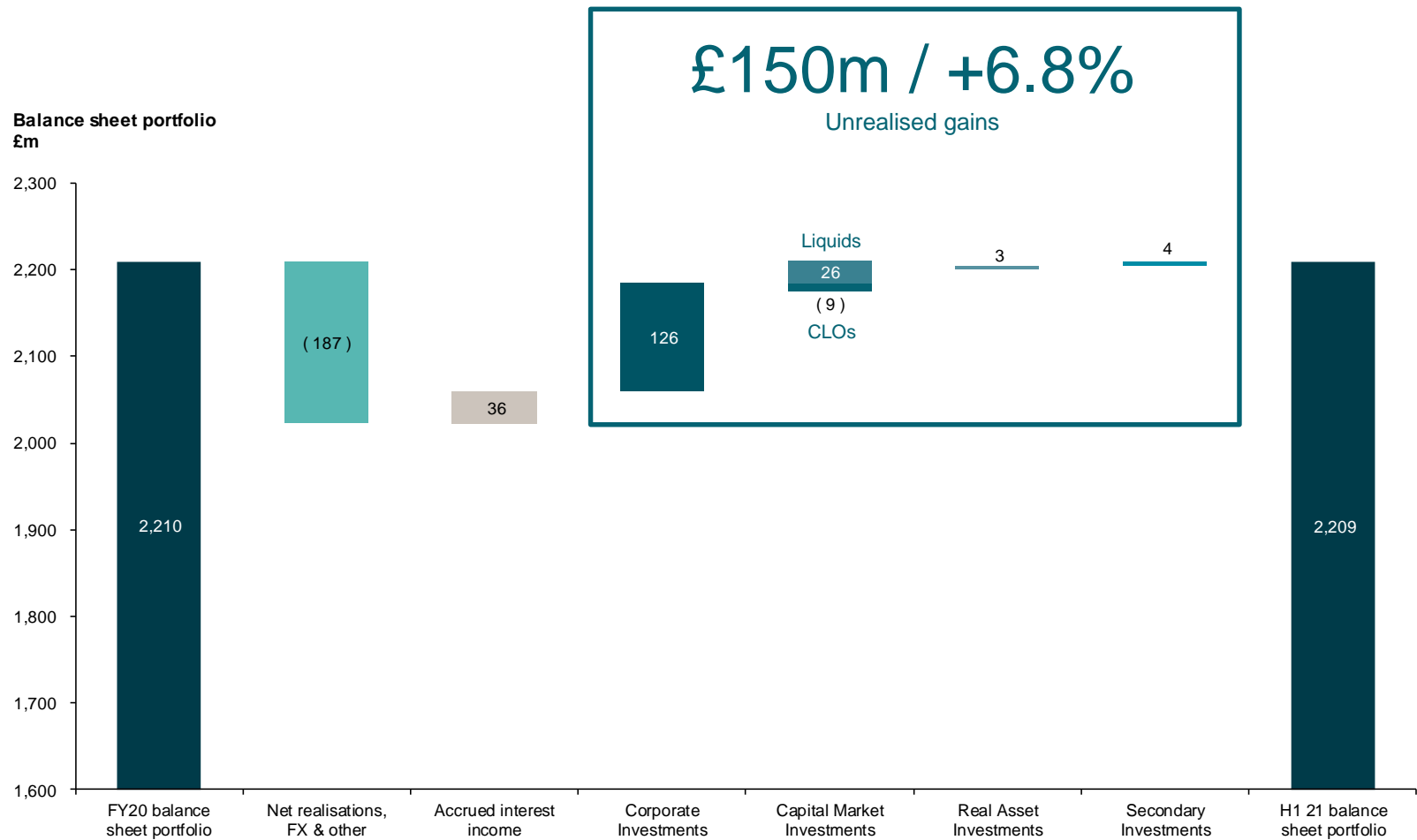


# Net investment returns rebound from March '20 lows

Net investment returns trend



# Recovery of portfolio valuations



# Well diversified investment portfolio

## Capital market funds

13%

Risk retention investments

8%

Investment in liquid strategies

## Direct investment funds

300+

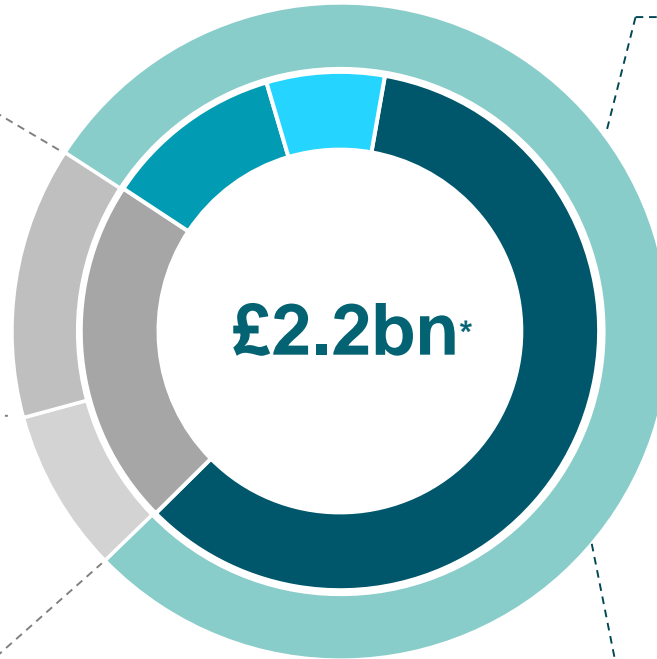
Companies

37

Sectors

33

Countries



£2.2bn\*

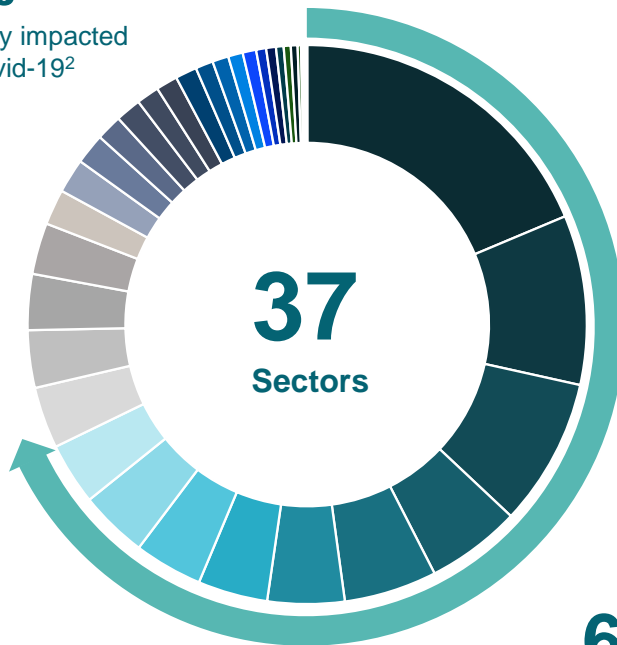
- Corporate Investments
- Capital Market Investments
- Real Asset Investments
- Secondary Investments

# Low exposure to sectors directly impacted by Covid-19

Balance sheet split by sector<sup>1</sup>

**5%**

Directly impacted  
by Covid-19<sup>2</sup>



**68%**

Top 10 sectors

Top 10 sectors

- Healthcare
- IT Services
- Real Estate
- Diversified Services
- Fire Products
- Manufacturing
- Education
- Financial Services
- Software
- Food Products

# Guidance

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▶ **Fundraising:**

- ▶ We now expect to raise c€6bn in FY21, in line with our well established long-term fundraising plan
- ▶ FY22 expected to be materially higher as fundraising for flagship European and Strategic Equity funds brought forward
- ▶ Long-term guidance of €6bn per annum over a three year rolling basis maintained

▶ **FMC operating margin:**

- ▶ Long-term guidance of FMC operating margin in excess of 50% unchanged

▶ **Performance fees:**

- ▶ FY21 performance fees expected to be at the lower end of our long-term guidance of 10-15% of total third party fees

▶ **Net investment return:**

- ▶ Improvement in valuations in H1, but market remains uncertain
- ▶ Balance sheet returns aligned to fund returns; highly confident of long-term performance of our funds

▶ **Net gearing:**

- ▶ Expect to maintain below our guidance of 0.8x-1.2x in FY21 reflecting the current economic environment

▶ **Dividends:**

- ▶ No change; committed to progressive policy representing 80%-100% of post tax FMC profit

# Wrap up



# Positioned for significant long-term growth and shareholder value creation

- 1 Performance**  
30 year track record of consistent, exceptional performance through cycles and a history of launching successful new strategies
- 2 Deployment**  
Recent fundraising and significant dry powder enables us to pursue attractive investment opportunities for our clients
- 3 Fundraising**  
Strong deployment bodes well for future fundraising, accelerating successor flagship funds
- 4 Industry tailwinds**  
Industry growth opportunity accelerating in the wake of the current crisis combined with a flight to larger, diversified managers
- 5 Shareholder value**  
Resilient business model, with duration and diversification, supporting attractive dividend growth and shareholder value creation

We are building a **leading global private markets** business

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