



Full year results presentation

22 May 2018



Operational highlights

Fundraising and capital deployment at record levels

- Total AUM up 20% to €28.7bn, with €7.8bn of new money raised
- Fundraising driven by our Senior Debt Partners strategy raising €4.2bn and growing momentum across our European capital markets strategies
- Third party fee earning AUM up 12% in the year to €21.0bn
- Strong deployment across strategies, up 21% to €4.9bn. Continued focus on investment discipline in a competitive market
- Portfolios continue to perform well with all funds on course to meet or exceed applicable hurdle rates
- Excellent start to the new financial year. Europe Fund VII fundraising is well advanced, with €2.6bn raised to date. With a target size of €4bn we are scaling this strategy to reflect the level of investment opportunities

Financial highlights

Fund management profits up 29%; driving dividend growth

- Fund Management Company profits up 29% to £95.3m (2017: £74.0m), with third party fee¹ income up 21%
- Investment Company profits¹ lower at £79.5m (2017: £163.5m), due to lower investment income
- Group profit before tax¹ of £174.8m (2017: £237.5m)
- Final ordinary dividend up 8% to 21.0 pence per share. Total ordinary dividends in the year up 11% to 30.0 pence per share
- Total ordinary dividends represent 110% of post tax FMC profits (2017: 128%); we are ahead of plan in covering ordinary dividends from FMC profits

¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY18: £6.5m; FY17: £1.3m). Internally reported numbers exclude the impact of the consolidation of 14 credit funds following the adoption 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

Financial Review



Financial highlights

FMC profits exceed those of the IC for the first time

£m		12 months to 31 March 2018	12 months to 31 March 2017
Fund Management Company	Third party fee income	167.1	138.6
	IC management fee	17.8	18.1
	Other income	25.2	23.0
	Operating costs	(114.8)	(105.7)
	FMC profit	95.3	74.0
Investment Company	Interest income	113.2	144.7
	Other income	7.4	14.7
	Net capital gains	144.7	201.4
	Impairments	(25.2)	(48.0)
	Net investment returns	240.1	312.8
	Interest expense	(56.6)	(53.9)
	Operating costs	(86.2)	(77.3)
	IC management fee	(17.8)	(18.1)
	IC profit	79.5	163.5
Group	Profit before tax¹	174.8	237.5

- Accounting standard IFRS 10 requires 14 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

¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY18: £6.5m; FY17: £1.3m). Internally reported numbers exclude the impact of the consolidation of 14 credit funds following the adoption of IFRS 10

Balance sheet and capital strategy

Balance sheet flexibility supports growth

£m		31 March 2018	31 March 2017
Assets	Loans and investments	1,899	1,712
	Assets for syndication	107	90
	Cash	248	490
	Other	273	209
	Total assets	2,527	2,501
Liabilities	Borrowings	1,021	1,119
	Other	188	209
	Shareholders funds	1,318	1,173
	Total liabilities	2,527	2,501
Other metrics	Gearing ratio	0.77x	0.95x
	Debt facilities	1,503	1,600
	Available headroom	730	971
	Cash flows from operating activities	(49)	710

- Balance sheet portfolio higher following strong investment activity
- Balance sheet gearing to return to within the range of 0.8-1.2x with investment in new strategies
- Diversified sources and maturities of financing, healthy debt headroom

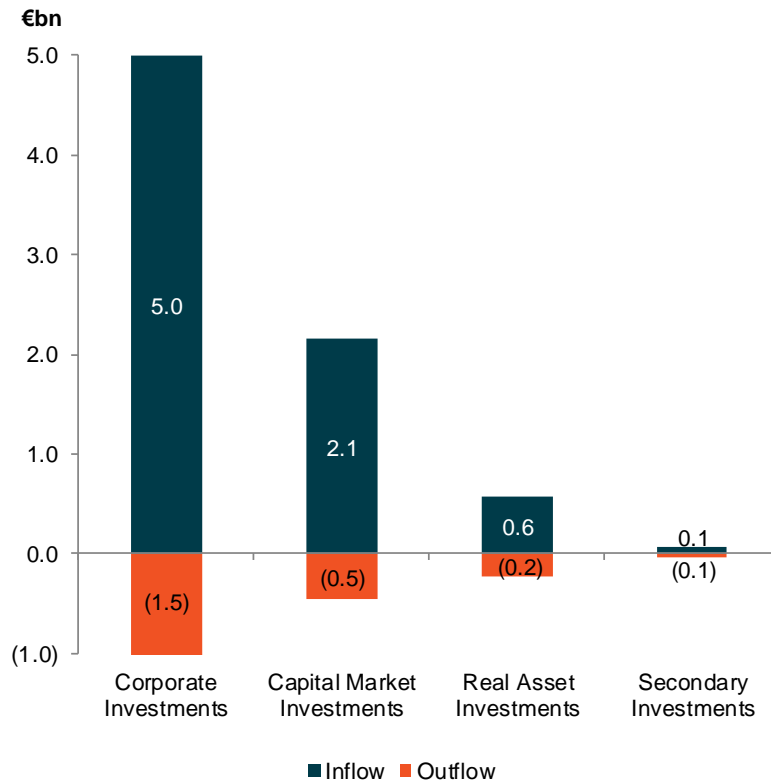
Fund Management Company



Third party assets under management

Record third party AUM of €26.5bn up 22% in the year

FY18 AUM inflows/outflows by strategy



- Third party AUM up €4.7bn in the period; inflows €7.8bn; outflows €2.3bn and €0.8bn FX and other
- Realisations in Corporate Investments arising on the older European Mezzanine and Senior Debt Partners funds
- Fee earning AUM up 12%; will continue to grow as new money raised is invested
- FY19 fundraising focus on Corporate Investments successor funds and Capital Market strategies

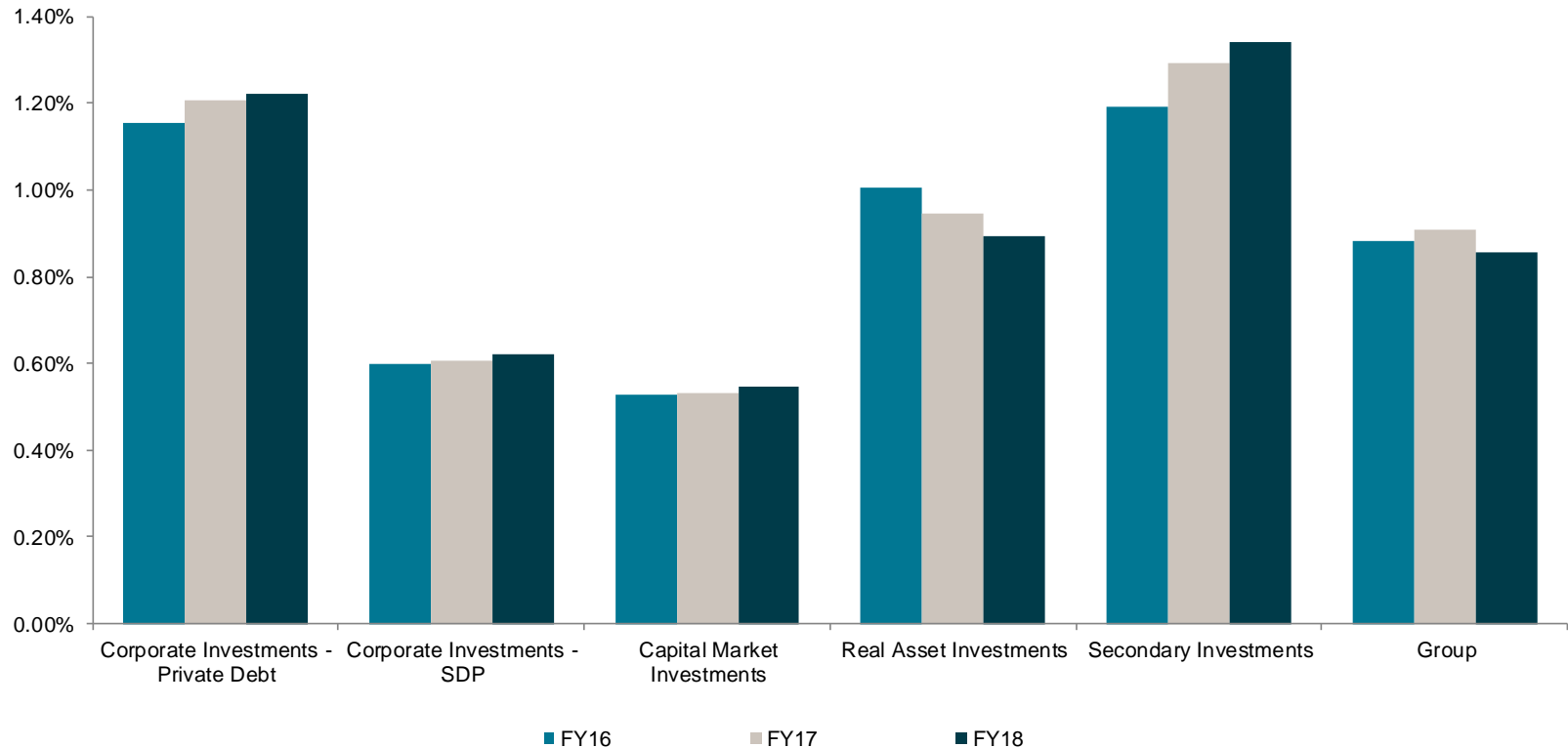
AUM by Business Unit

€m	Fee earning AUM		AUM	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Corporate Investments	9,227	8,516	13,873	10,805
Capital Market Investments	7,682	6,171	7,683	6,171
Real Asset Investments	2,766	2,667	3,509	3,290
Secondary Investments	1,297	1,388	1,469	1,551
	20,972	18,742	26,534	21,817

Fee income

Fee rates maintained across asset classes

Weighted average fee rate¹ by strategy – FY18

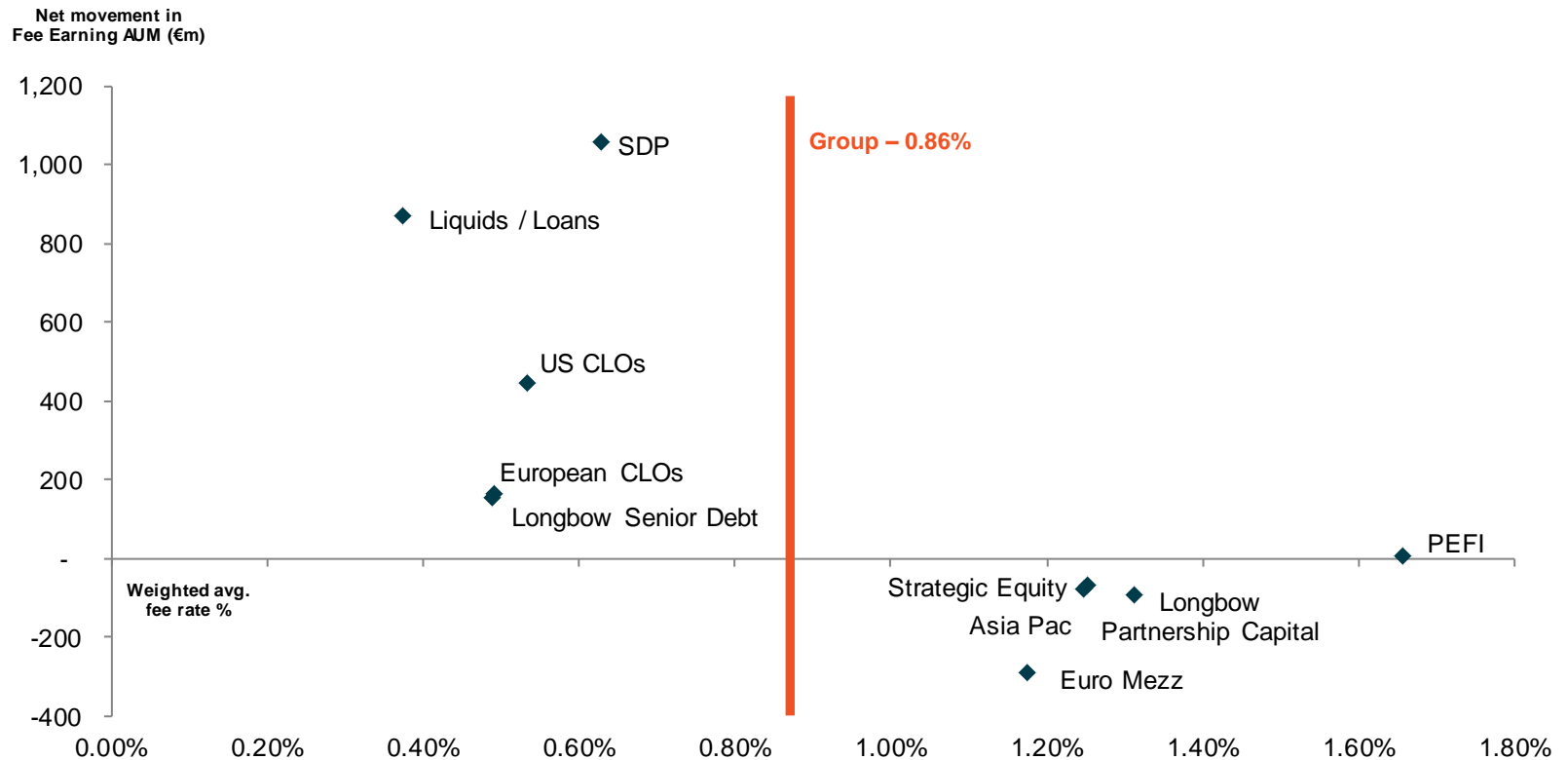


¹ Weighted average fee rates based on average fee earning AUM during the year and excludes any performance fees and catch-up fees

Fee income

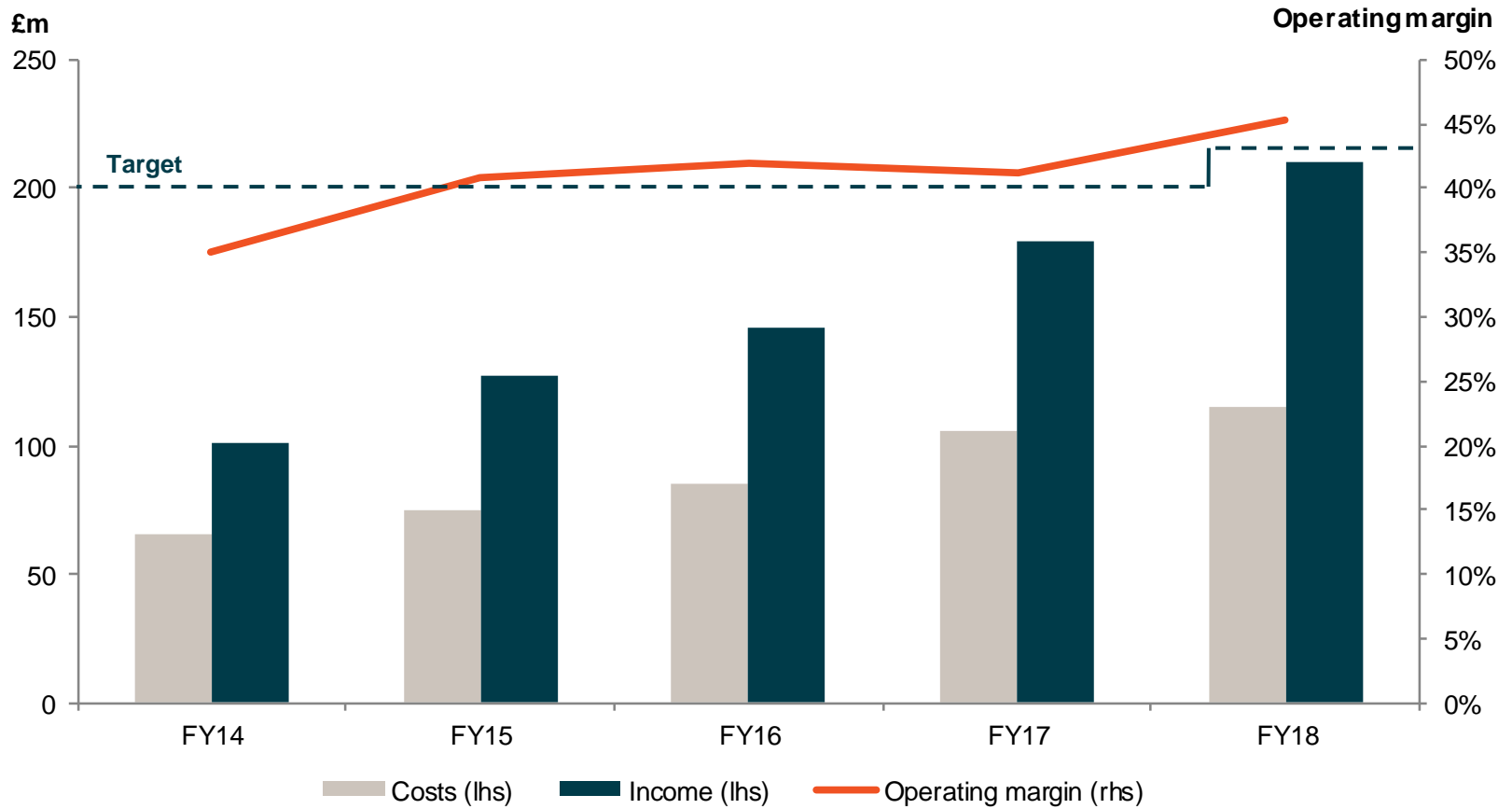
Evolution of product mix marginally reduces average fee rates

Fee Earning AUM movement and fee rates by strategy



FMC operating margin

Operating margin above target



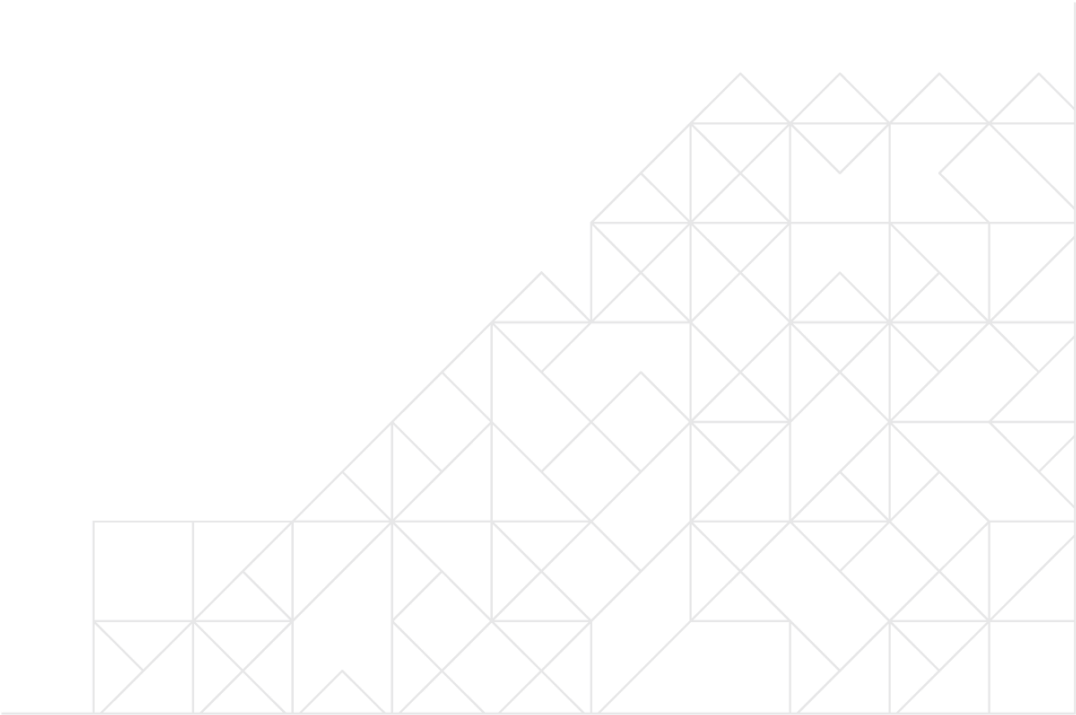
FMC operating costs

Costs in line with expectations

£m	12 months to 31 March 2018	% FMC revenue	12 months to 31 March 2017	% FMC revenue
Investment team staff costs	28.0	13%	25.7	14%
Marketing staff costs	5.2	3%	4.6	3%
Infrastructure staff costs	8.9	4%	8.7	5%
Staff costs	42.1	20%	39.0	22%
Cash incentives	24.7	12%	15.0	8%
Deferred awards	16.1	8%	18.8	10%
Incentive schemes	40.8	20%	33.8	18%
Other non staff costs	29.4	14%	29.9	17%
Placement fees	2.5	1%	3.0	2%
Total	114.8	55%	105.7	59%

- Increase in staff costs reflects investment in capital market and senior debt strategies
- New remuneration policy has increased the weighting to cash incentives for infrastructure and junior team members

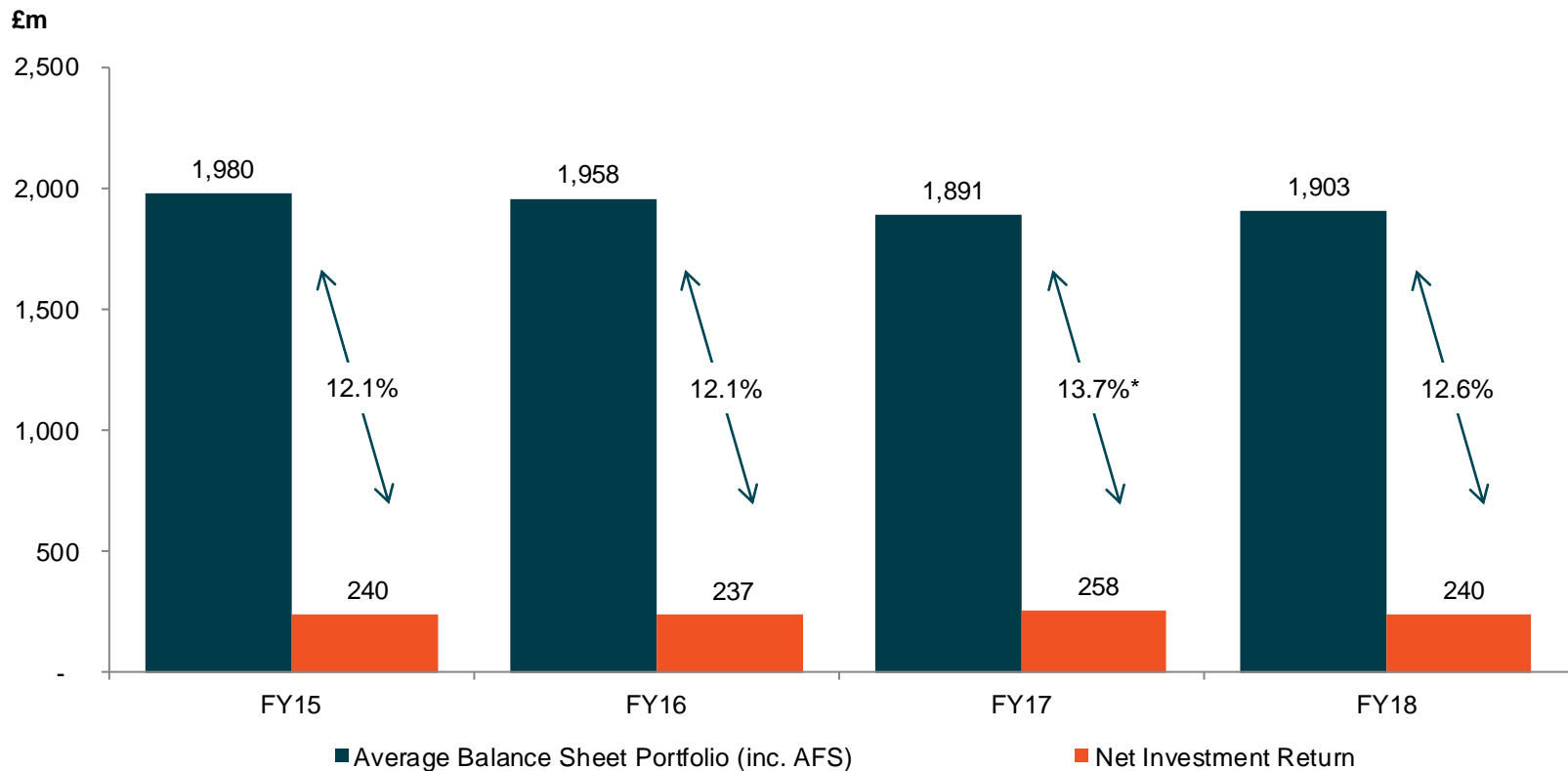
Investment Company



Net investment return

Returns in line with long term trends; guidance 11-12%

Net investment return trend



* Net Investment return in FY17 disclosed excluding realised gains recycled from AFS

Net investment return

Balance sheet portfolio weighted to higher return strategies

Net investment return by fund

£m	Net Investment Return	% of total NIR	FY 18 NIR %
Europe Fund VI	103.8	43 %	28 %
Europe Fund V	68.5	29 %	20 %
Strategic Secondaries II	22.8	9 %	36 %
ICAP III	13.2	6 %	13 %
North America Private Debt I	12.6	5 %	16 %
Other	19.2	8 %	N/A
Total	240.1	100 %	N/A

- Other includes investments in the lower returning capital market and real estate asset classes
- This includes where the Group invests in order to meet regulatory requirements

Investment Company costs

Costs in line with expectations

£m	12 months to 31 March 2018	*12 months to 31 March 2017
Staff costs	11.1	12.2
Cash incentives	24.7	26.0
Deferred awards	39.3	30.4
Incentive schemes	64.0	56.4
Amortisation	2.3	2.3
Other non staff costs	8.8	6.4
Total	86.2	77.3
Business development costs	5.6	4.4

- Increase in business development costs reflects exploration into Asia Pacific energy strategy
- Deferred awards increase in line with expectation following strong year of realisations in 2017
- Amortisation relates to the acquisition of the ICG Enterprise Trust management contract on 1 February 2016

* NI payable on Balance Sheet Carry of £2.2m has been presented in this presentation within deferred awards, as opposed to staff costs. The prior year has been restated on a consistent basis

FY19 guidance

Performance fee guidance upgraded

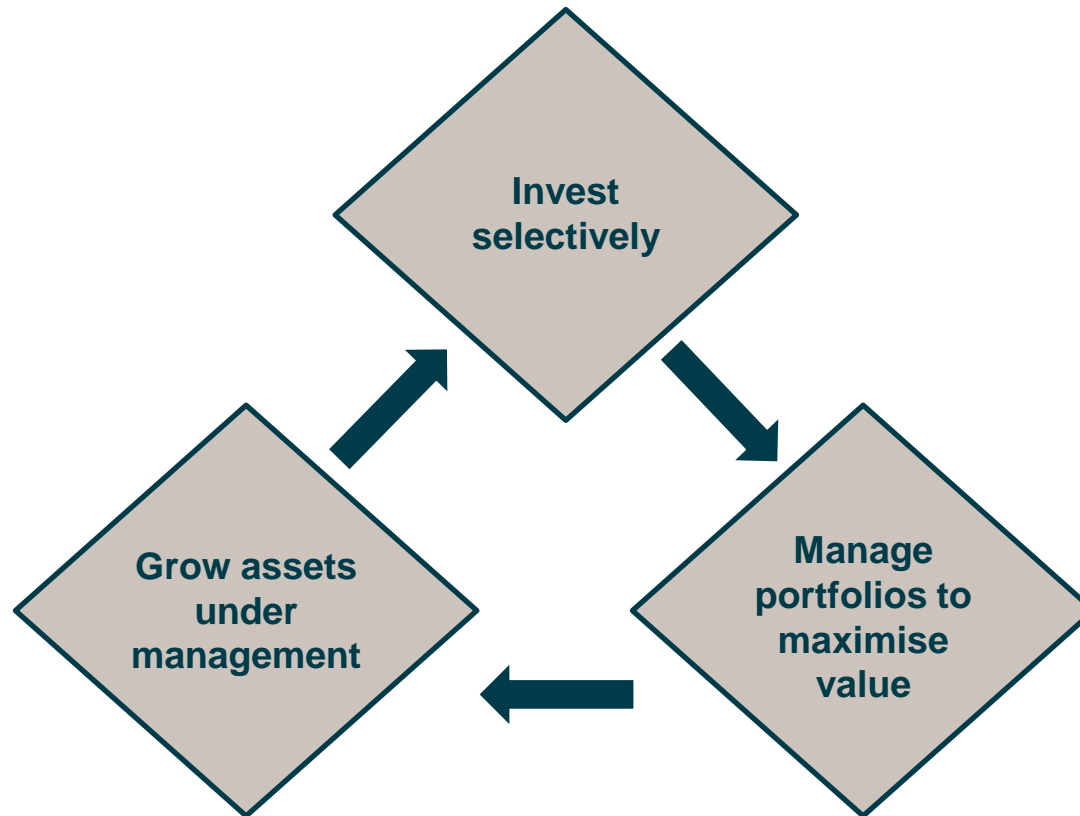
- Fundraising – average €6bn per annum over 3 year rolling period; FY19 expected to exceed this
- FMC operating margin – above 43%
- Performance fees to average £20-25m per annum
- Net investment return – averaging 11.5%
- Balance sheet portfolio – average c£2bn with co-investment ratio trending downwards
- 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

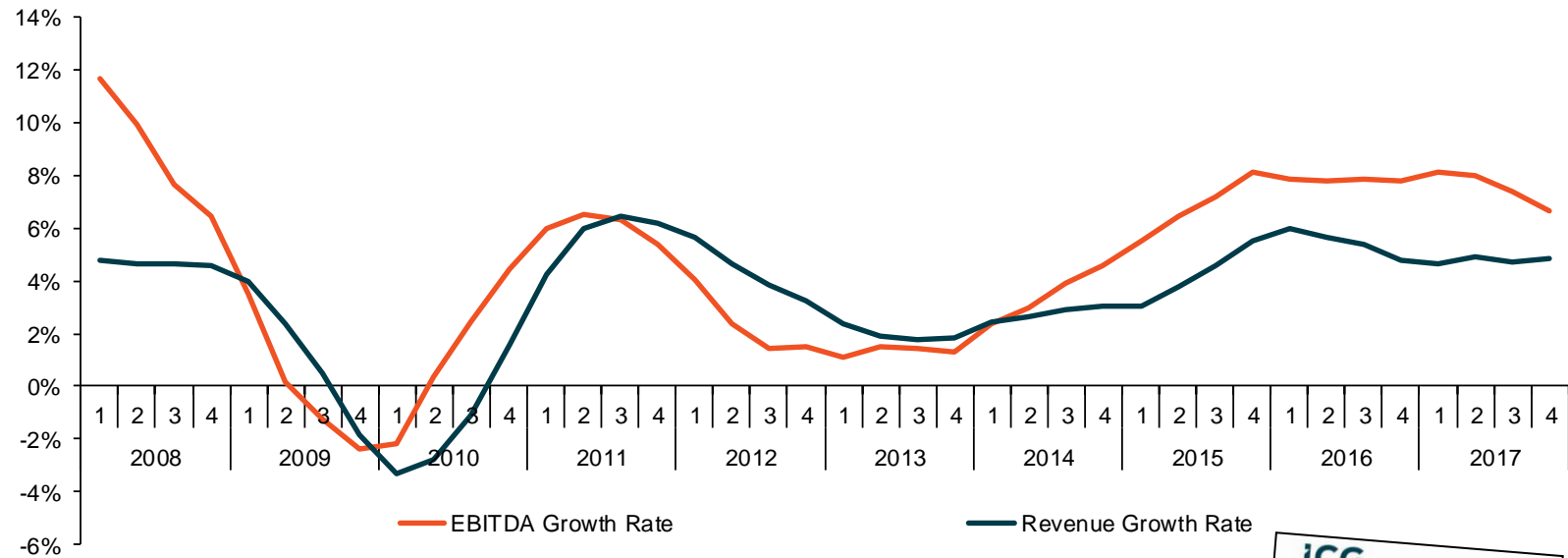
Investing



Investment markets

European private companies are growing strongly

Europe revenue and EBITDA growth



- ICG internal data is a competitive advantage, ICG index launched in April

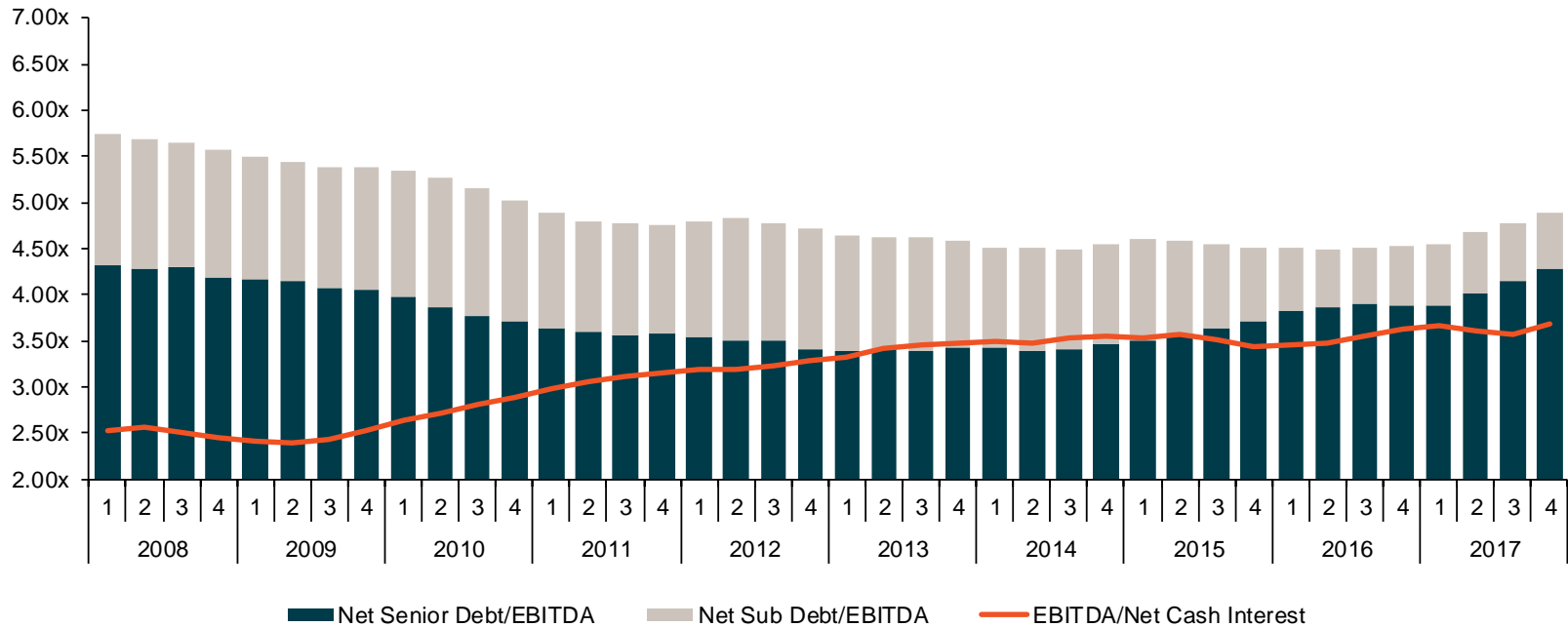


Source: ICG European Private Company Trends; April 2018

Investment markets

Credit fundamentals are on a strong footing

Europe leverage and interest coverage

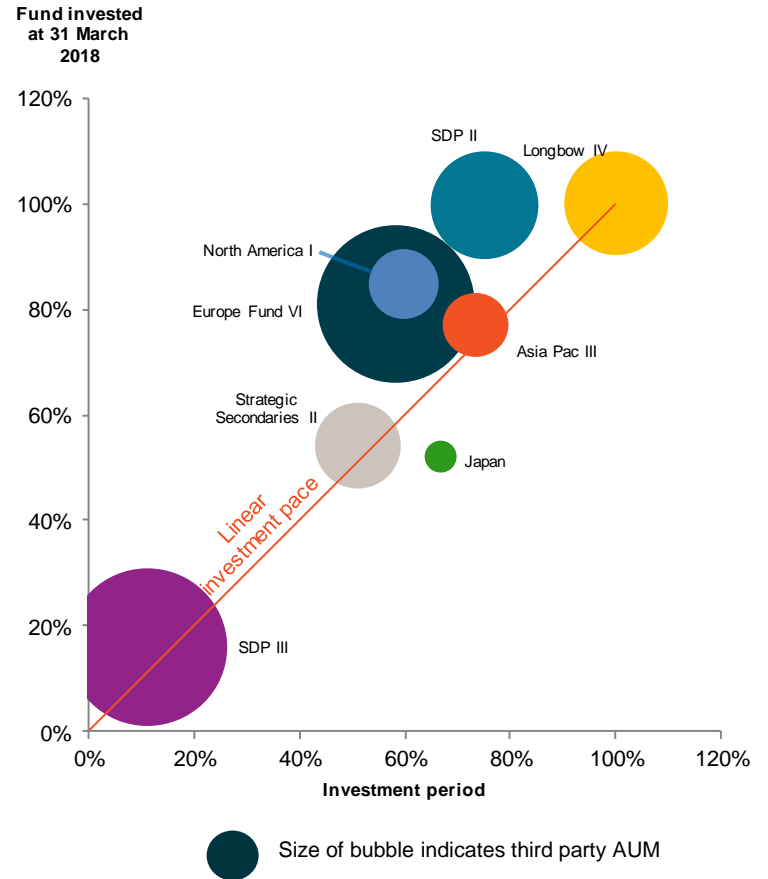
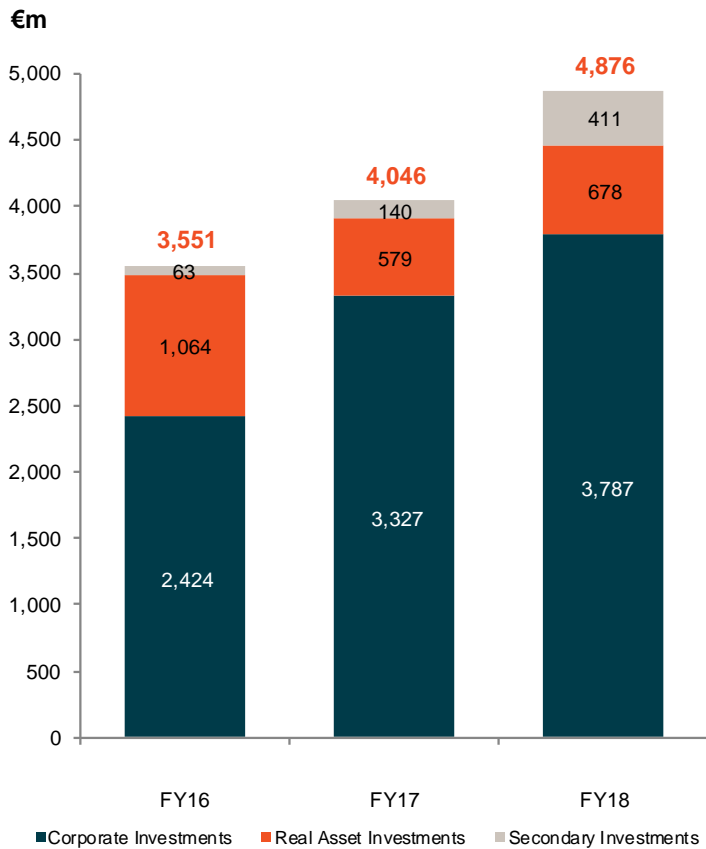


Source: ICG European Private Company Trends; April 2018

Investing our direct investment funds

Capital deployment strong for all our larger strategies

Direct investment funds¹



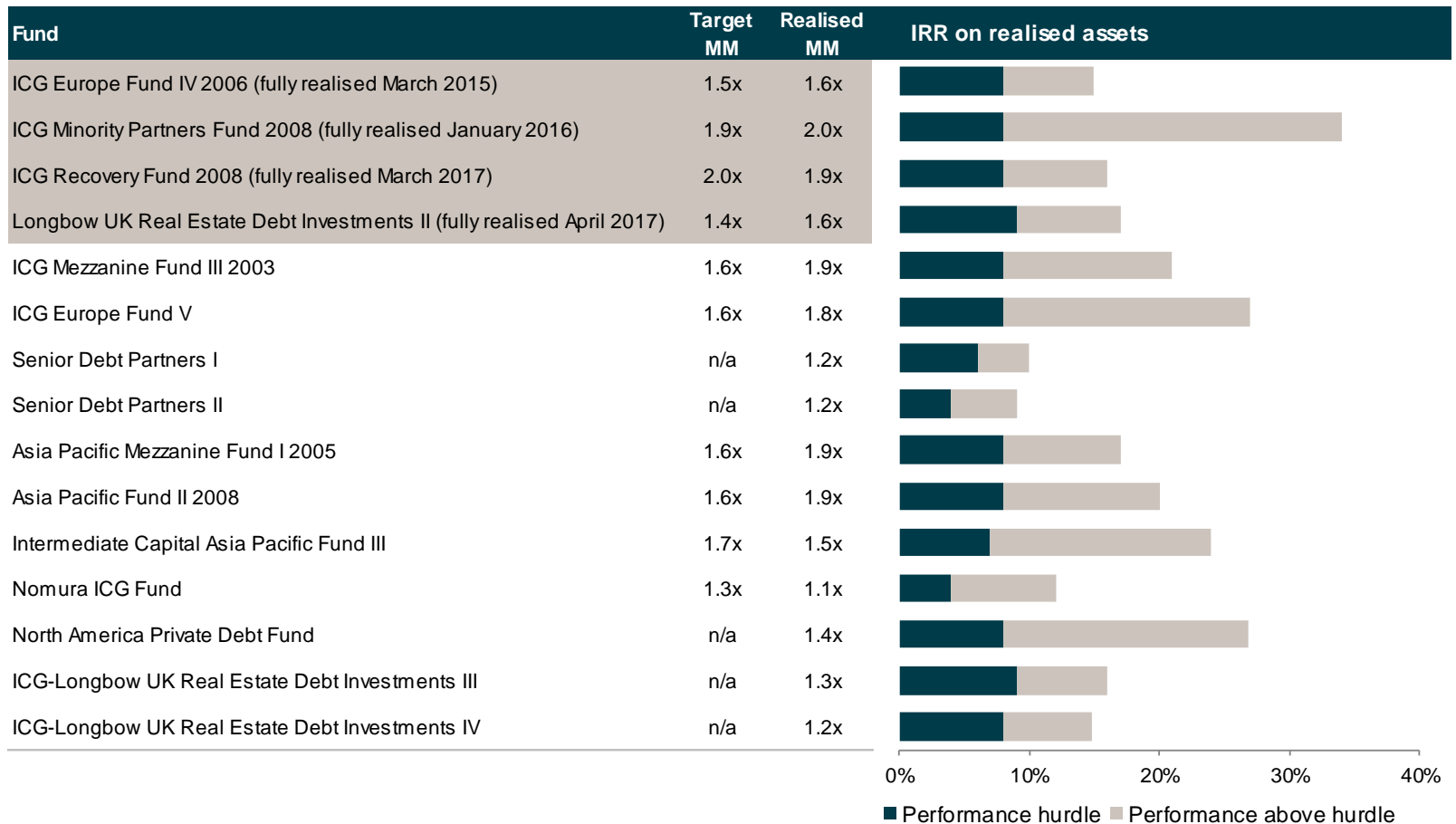
¹ Amounts invested include third party and balance sheet capital

Managing Investments



Fund performance

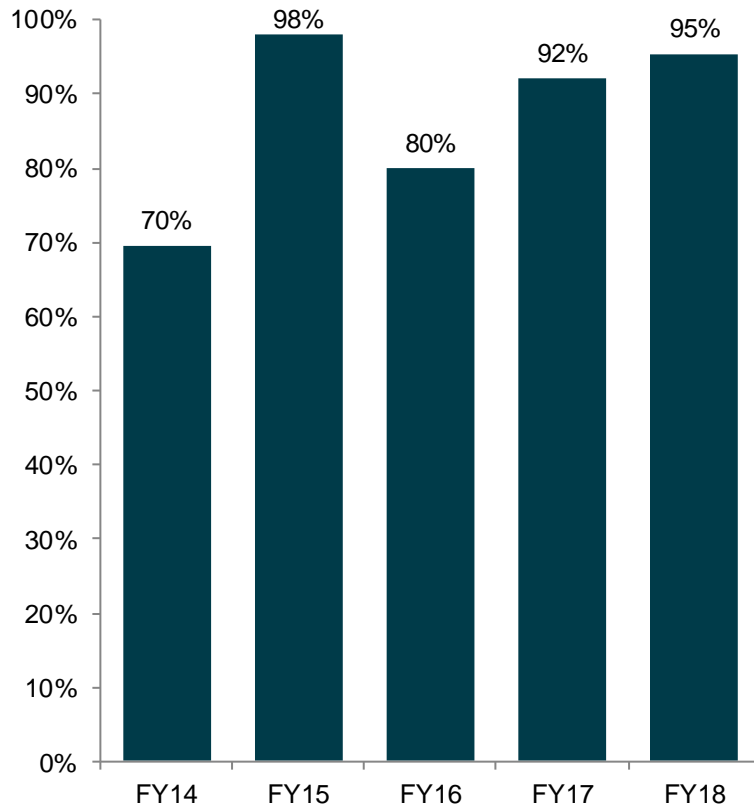
Portfolio performance provides platform for future fundraising



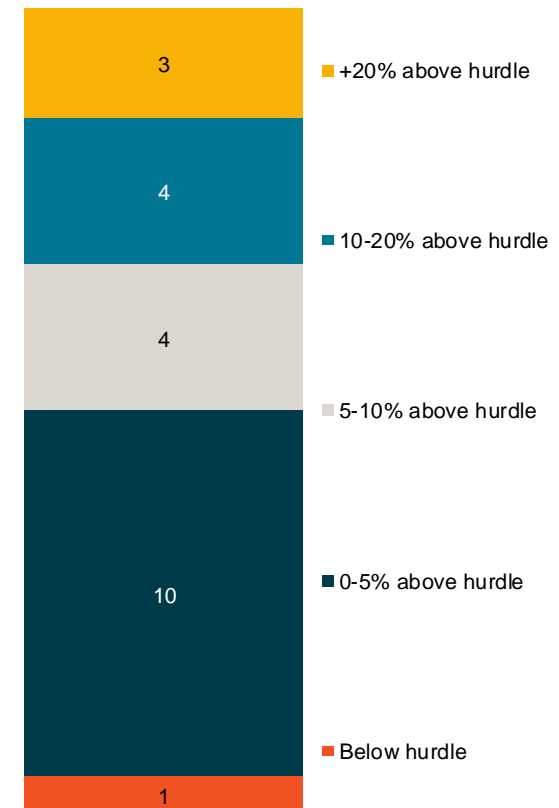
Fund performance

Realising assets locks in investment returns and track record

Percentage of realised assets exceeding hurdle rate



FY18 realised assets; performance against hurdle

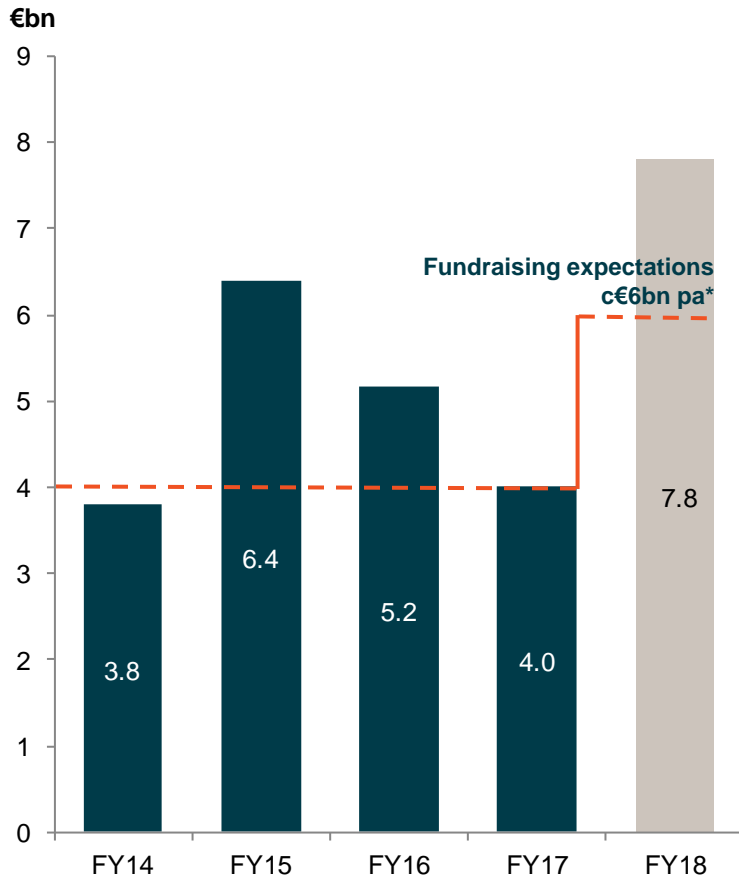


Fundraising

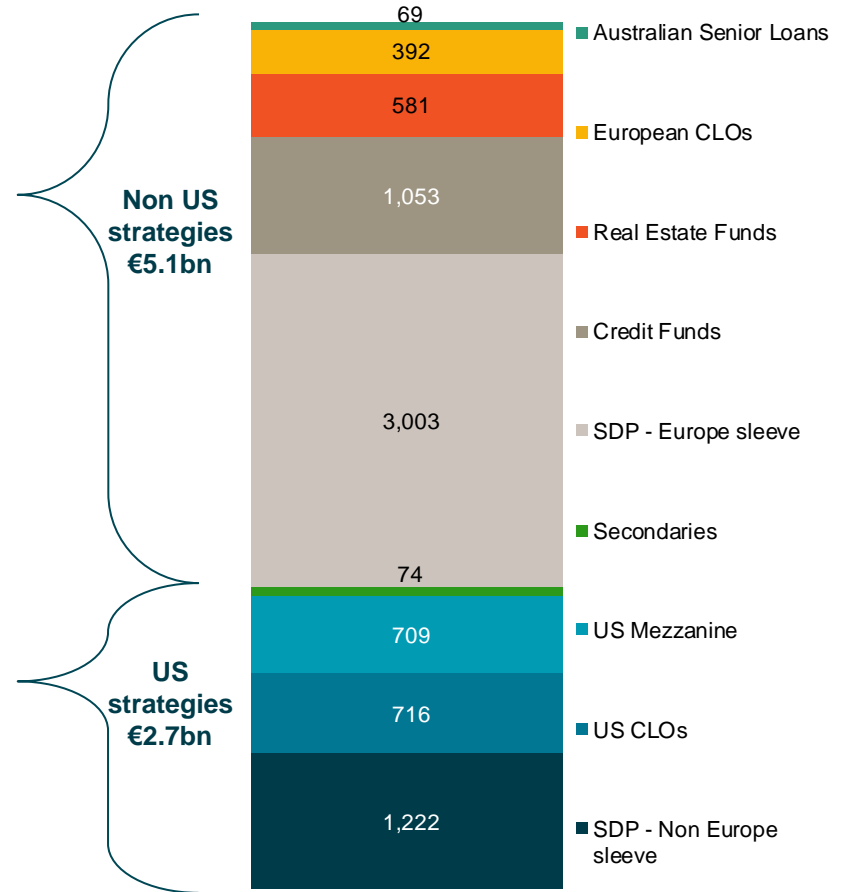


Fundraising

Record fundraising year driven by Senior Debt Partners



Funds raised in FY18 by strategy (€m)

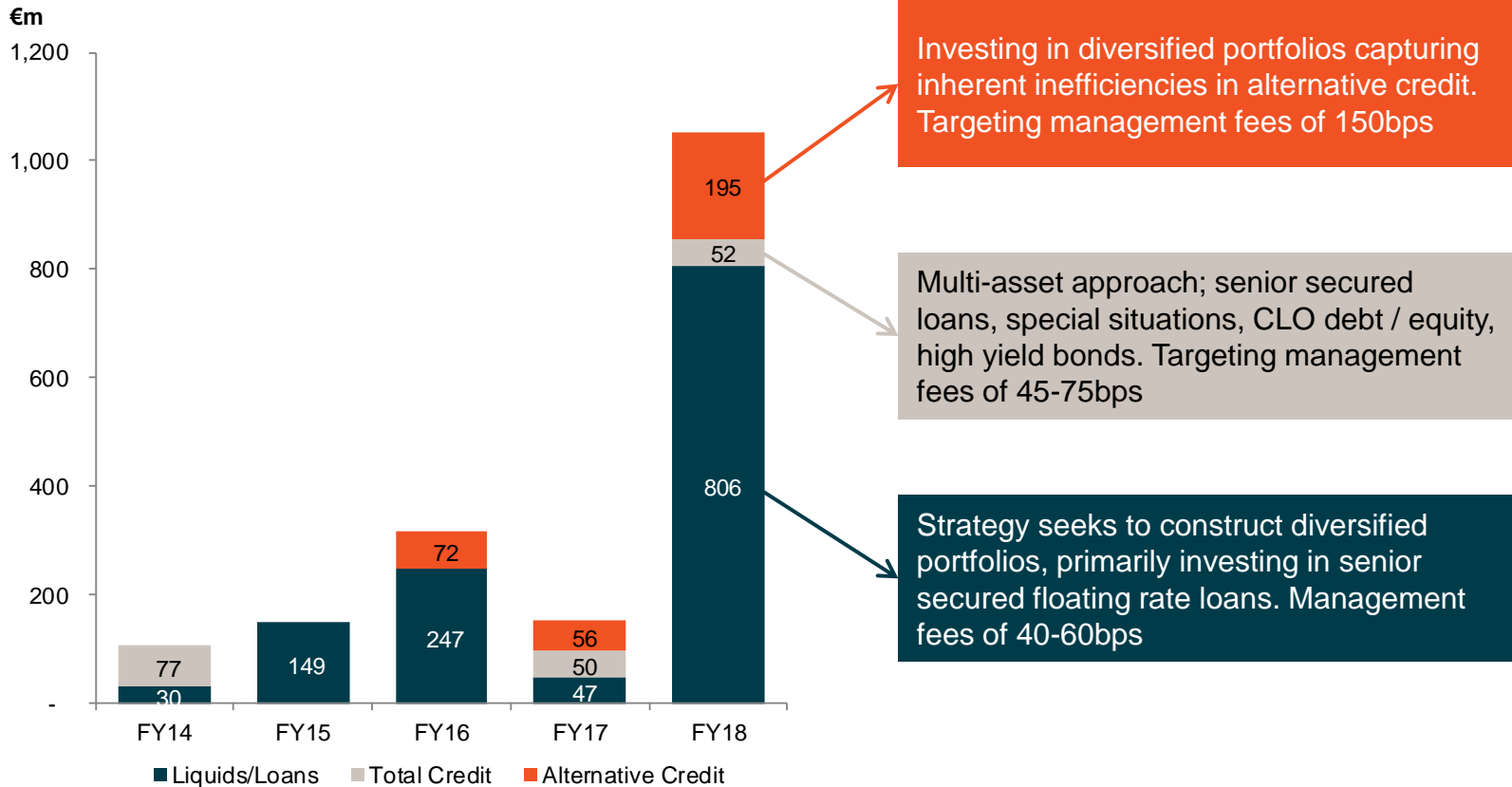


* Average on a three year rolling basis

Fundraising – Capital Markets

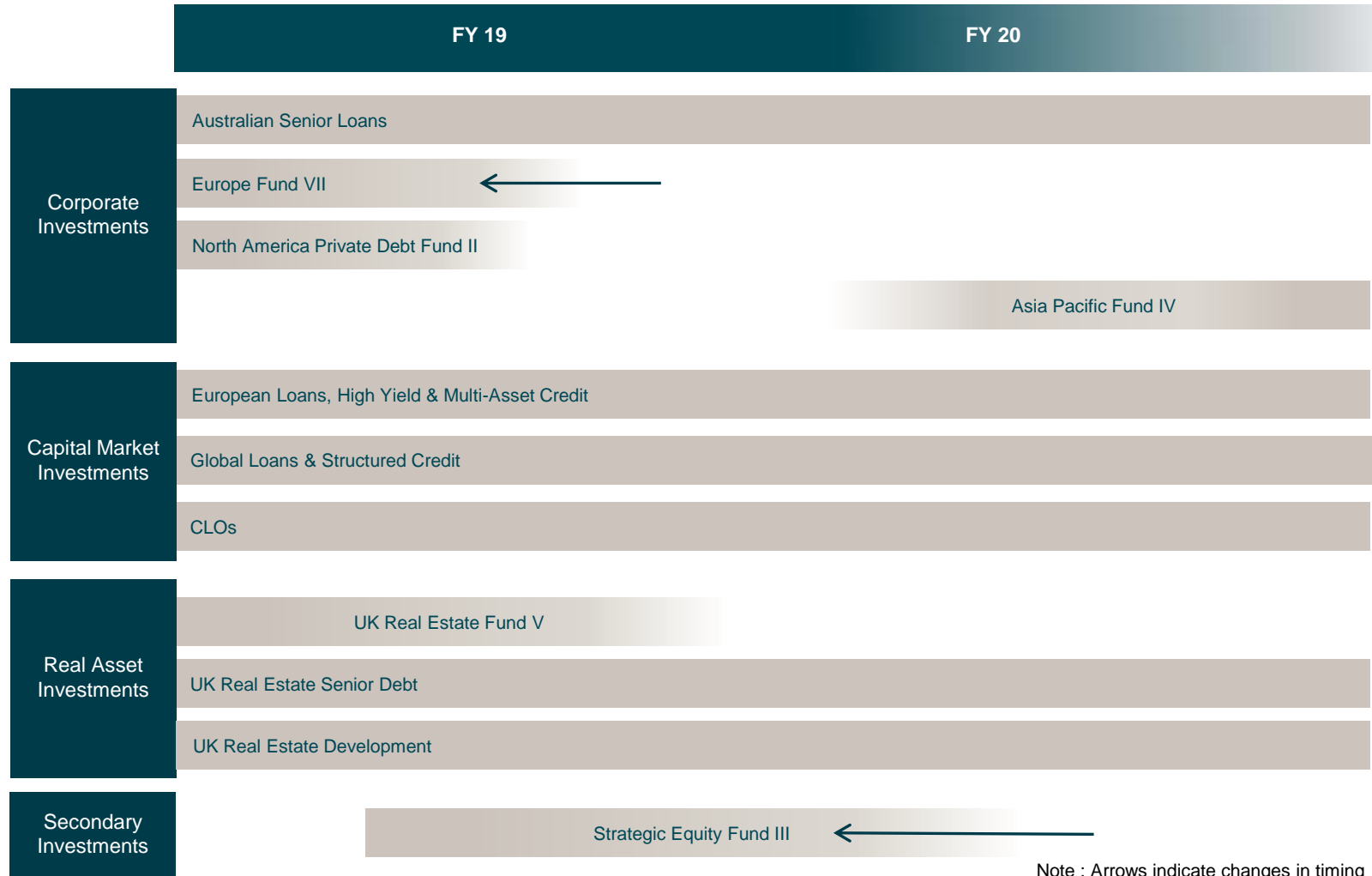
Fundraising gathering pace reflecting recent investment

Funds raised over the last 5 years by strategy (€m)



Fundraising outlook

Excellent start to FY19 and strong fundraising pipeline

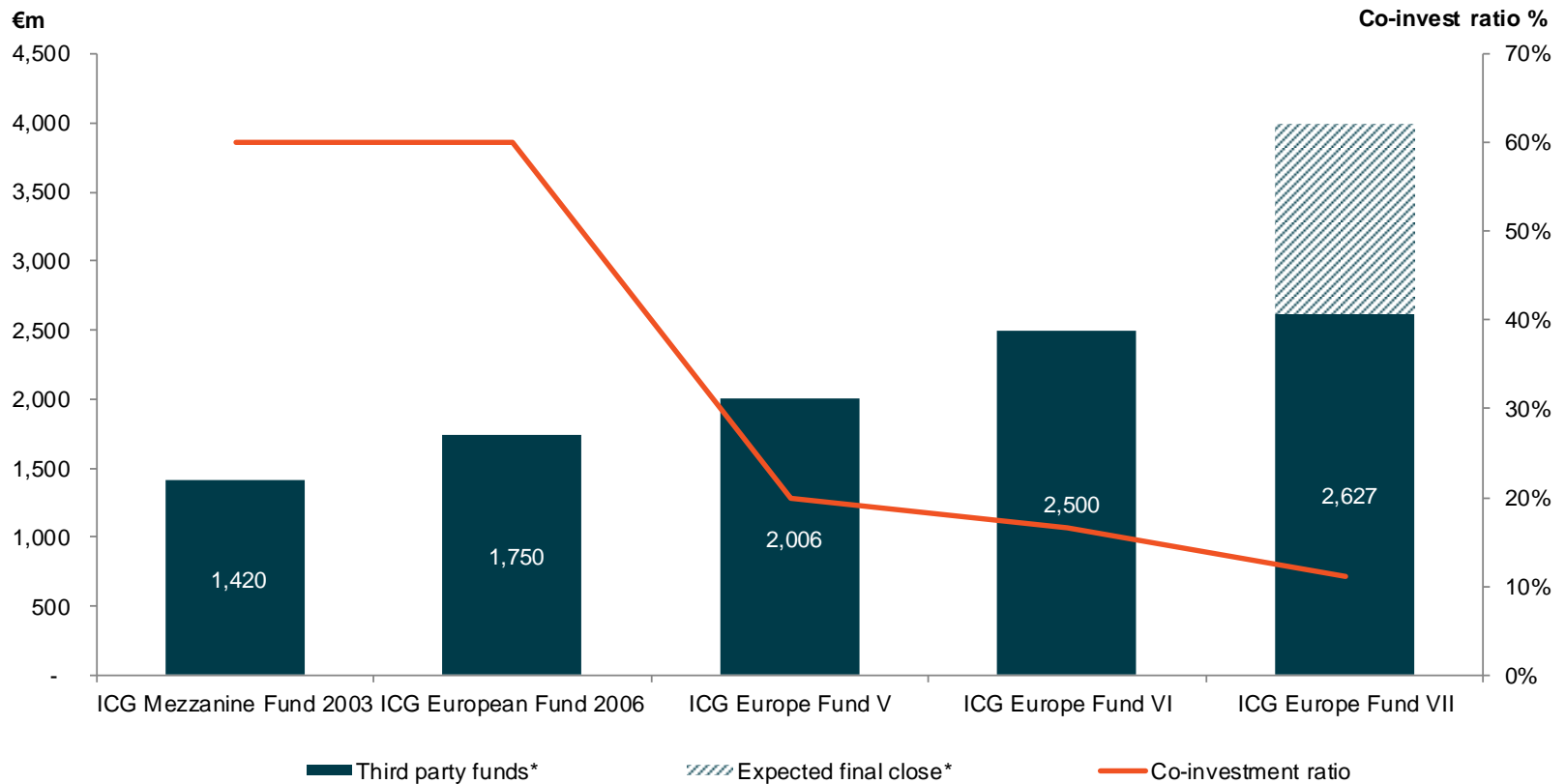


Note : Arrows indicate changes in timing

Fundraising – Europe Fund VII

Market leading strategy upsized to meet investment demand

Fundraising history

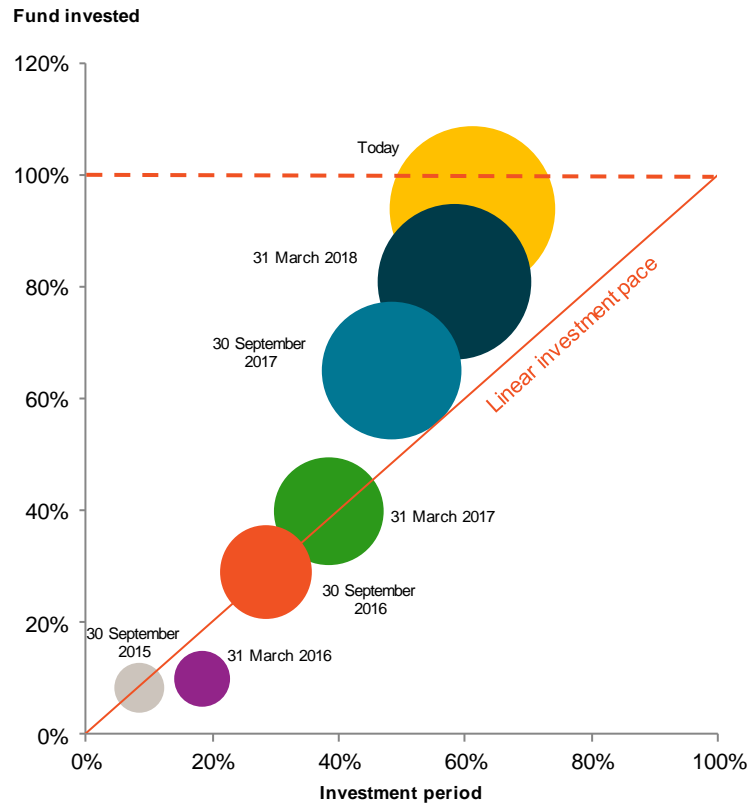


* Third party funds raised for Europe Fund VII as at the date of announcement. Target size of €4bn

Fundraising – Europe Fund VII

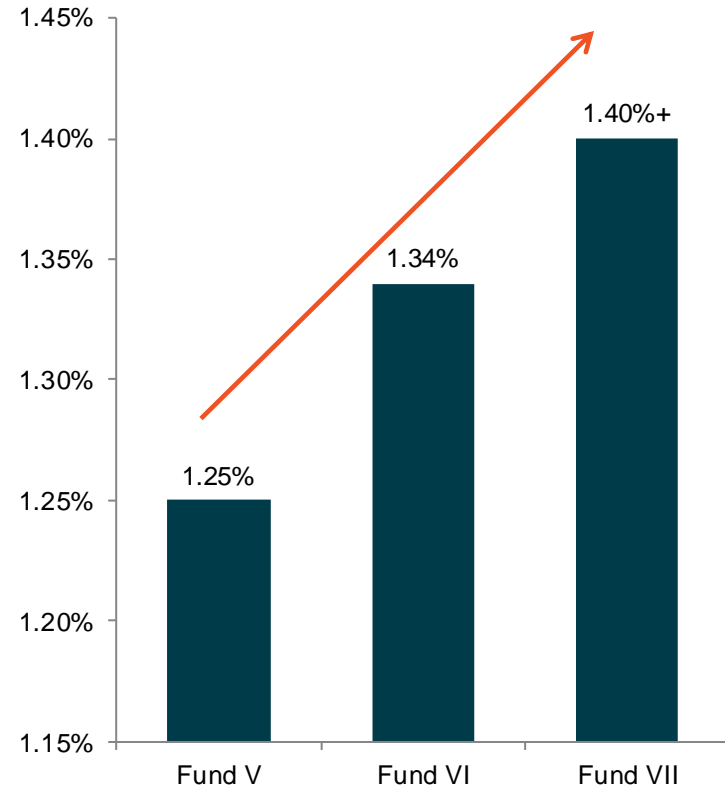
Reduction in discounts increasing fee rates fund on fund

Europe Fund VI investment trajectory



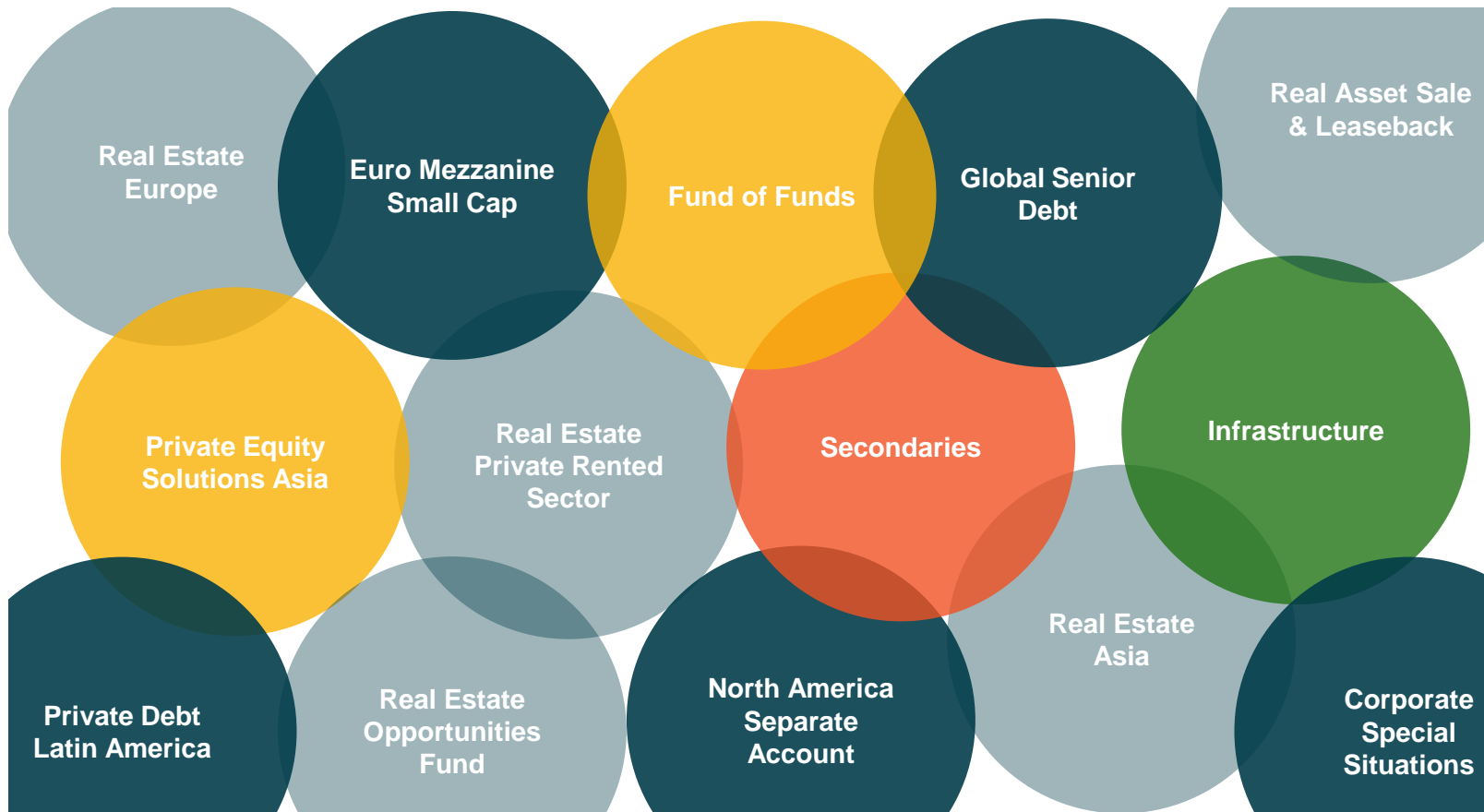
● Size of bubble indicates invested capital

Fee rate progression



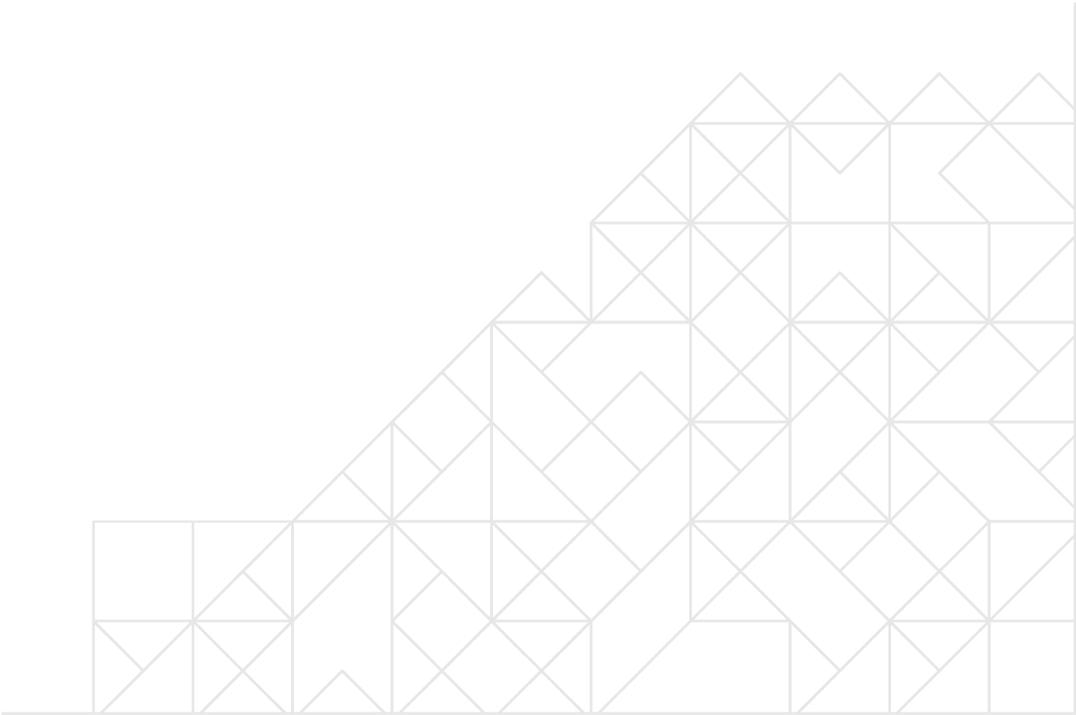
Potential new strategies

Substantial opportunity to expand in private markets



Note: Strategies are indicative of potential growth opportunities only

Wrap Up



Wrap up

Well positioned for further growth

Grow assets under management

- Record fundraising year, with €7.8bn raised
- Excellent start to new fundraising year with Europe Fund VII targeting record raise

Invest selectively

- Larger 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
- Total ordinary dividends increased 11% to 30.0p per share

Q&A

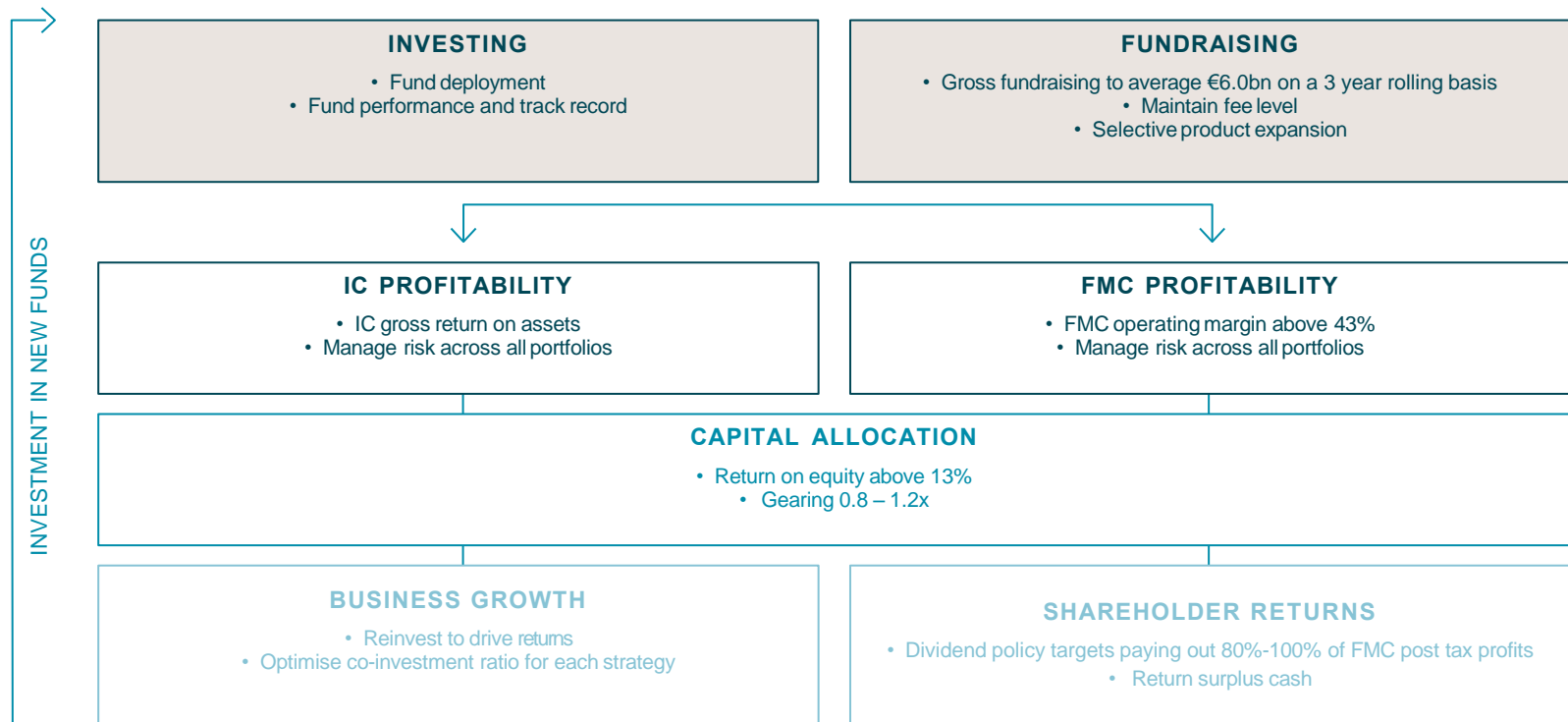
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Appendix



ICG operating model



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