



Full year results presentation

22 May 2019



Highlights

Exceptional fundraising, driving FMC profits up 51%

- €10.0bn of new money raised; AUM up 29% on 31 March 2018 to €37.1bn
- Third party fee earning AUM up 41% in the year to €29.6bn, resulting in third party fee income up 32%
- Fund Management Company profits up 51% to £143.8m (2018: £95.3m)
- Investment Company¹ profits higher at £117.3m (2018: £79.5m)
- Group profit before tax¹ increased 49% to £261.1m (2018: £174.8m)
- Dividend policy refined to the benefit of shareholders
- Final ordinary dividend up 67% to 35.0p per share; total ordinary dividend up 50% to 45.0p

¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY19: £17.2m credit; FY18: £6.5m charge). All numbers in the financial review shown exclude the impact 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% [target under review]
- ✓ 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

Fund Management Company profits up 51%

£m		12 months to 31 March 2019	12 months to 31 March 2018	% Variance
Fund Management Company	Third party fee income	219.8	167.1	32 %
	IC management fee	20.5	17.8	15 %
	Other income	34.4	25.2	37 %
	Operating costs	(130.9)	(114.8)	14 %
	FMC profit	143.8	95.3	51 %
Investment Company	Net investment returns	275.1	240.1	15 %
	Interest expense	(53.9)	(56.6)	(5)%
	Operating costs	(83.4)	(86.2)	(3)%
	IC management fee	(20.5)	(17.8)	15 %
	IC profit	117.3	79.5	48 %
Group	Profit before tax¹	261.1	174.8	49 %

¹These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY19: £17.2m credit; FY18: £6.5m charge). All numbers in the financial review shown exclude the impact of IFRS 10

Balance sheet and capital strategy

Balance sheet capital enables and accelerates growth

£m		31 March 2019	31 March 2018
Assets	Loans and investments	2,256	1,899
	Held for sale financial assets	111	107
	Cash	163	248
	Other	251	273
	Total assets	2,781	2,527
Liabilities	Borrowings	1,184	1,021
	Other	214	188
	Shareholders funds	1,383	1,318
	Total liabilities	2,781	2,527
Other metrics	Gearing ratio	0.86x	0.77x
	Debt facilities	1,594	1,503
	Available headroom	573	730
	Cash flows from operating activities	(29)	(49)

- Balance sheet gearing within the target range of 0.8-1.2x
- Diversified sources and maturities of financing, healthy debt headroom

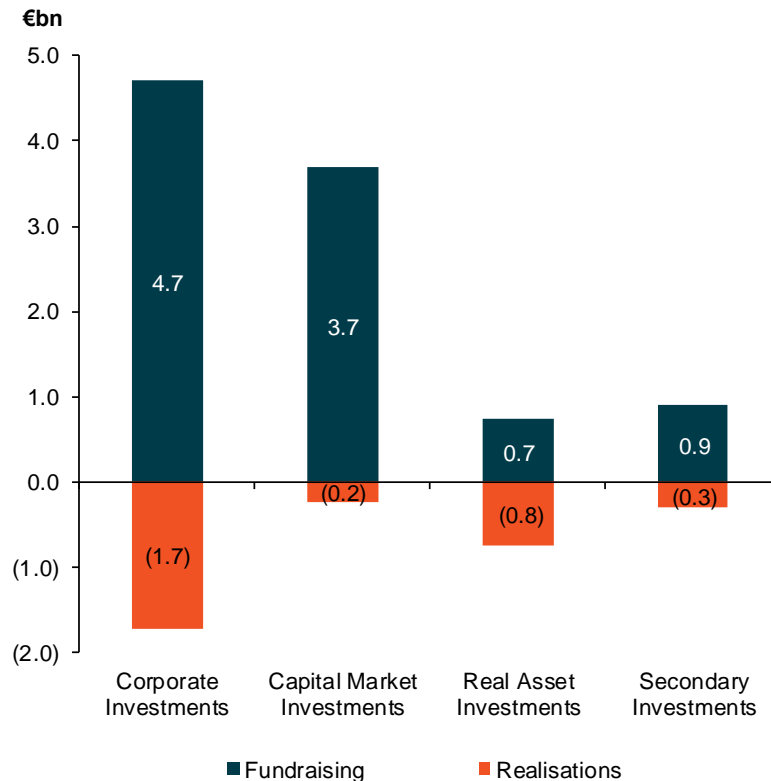
Fund Management Company



Third party assets under management

Third party AUM up 30% to €34.5bn

FY19 AUM fundraising/realisations by strategy



- Third party AUM up €7.9bn in the period; fundraising €10.0bn; realisations €3.0bn and €0.9bn FX and other
- Realisations in Corporate Investments arising on the older European and Senior Debt Partners funds
- Fee earning AUM up 41%; will continue to grow as new money raised is invested
- FY20 fundraising focus on building our smaller and newer strategies

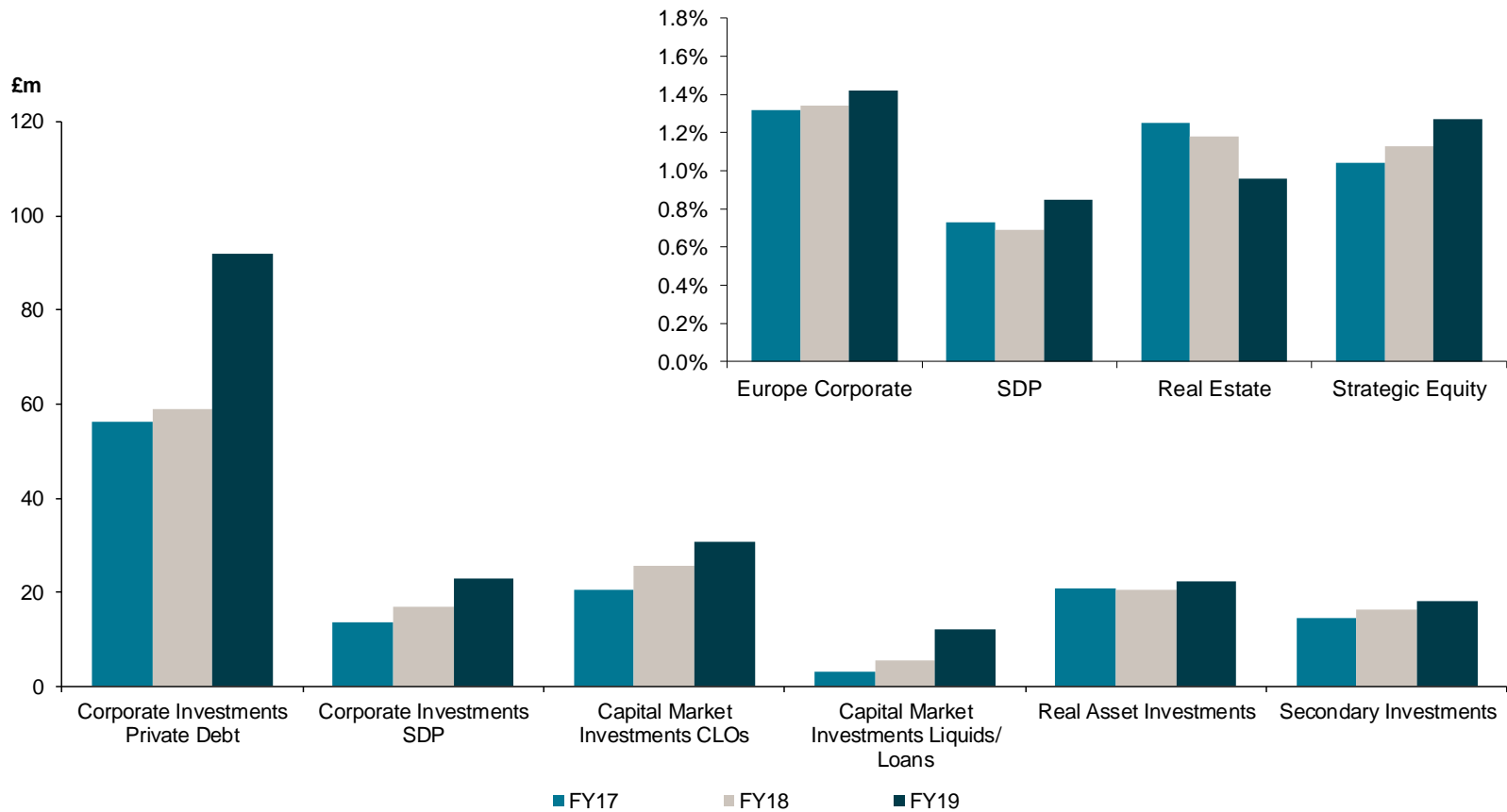
AUM by strategic asset class

€m	Fee earning AUM		AUM	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Corporate Investments	13,545	9,227	17,144	13,873
Capital Market Investments	11,123	7,682	11,505	7,683
Real Asset Investments	2,891	2,766	3,581	3,509
Secondary Investments	2,067	1,297	2,231	1,469
	29,626	20,972	34,461	26,534

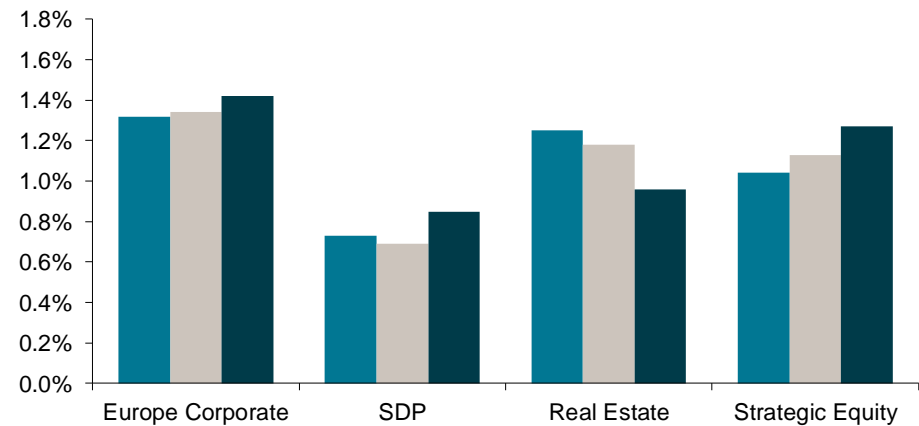
Fee income

All strategies contributing to fee income growth

Fee income¹ by strategy – FY19



Fee rate by strategy over last three funds

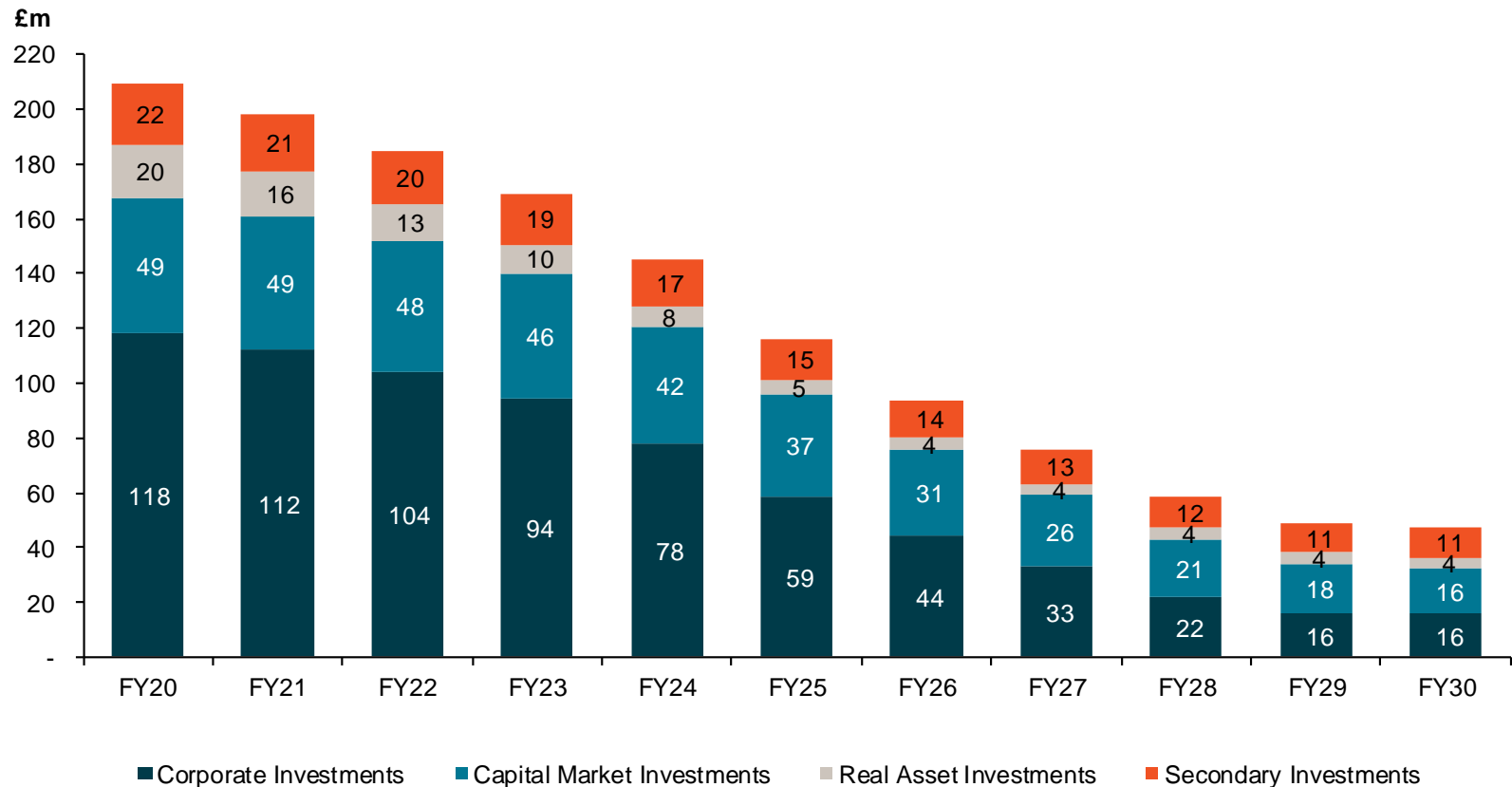


¹Fee income excludes any performance fees and catch-up fees

Fee income

Strong visibility of fees from closed end funds model

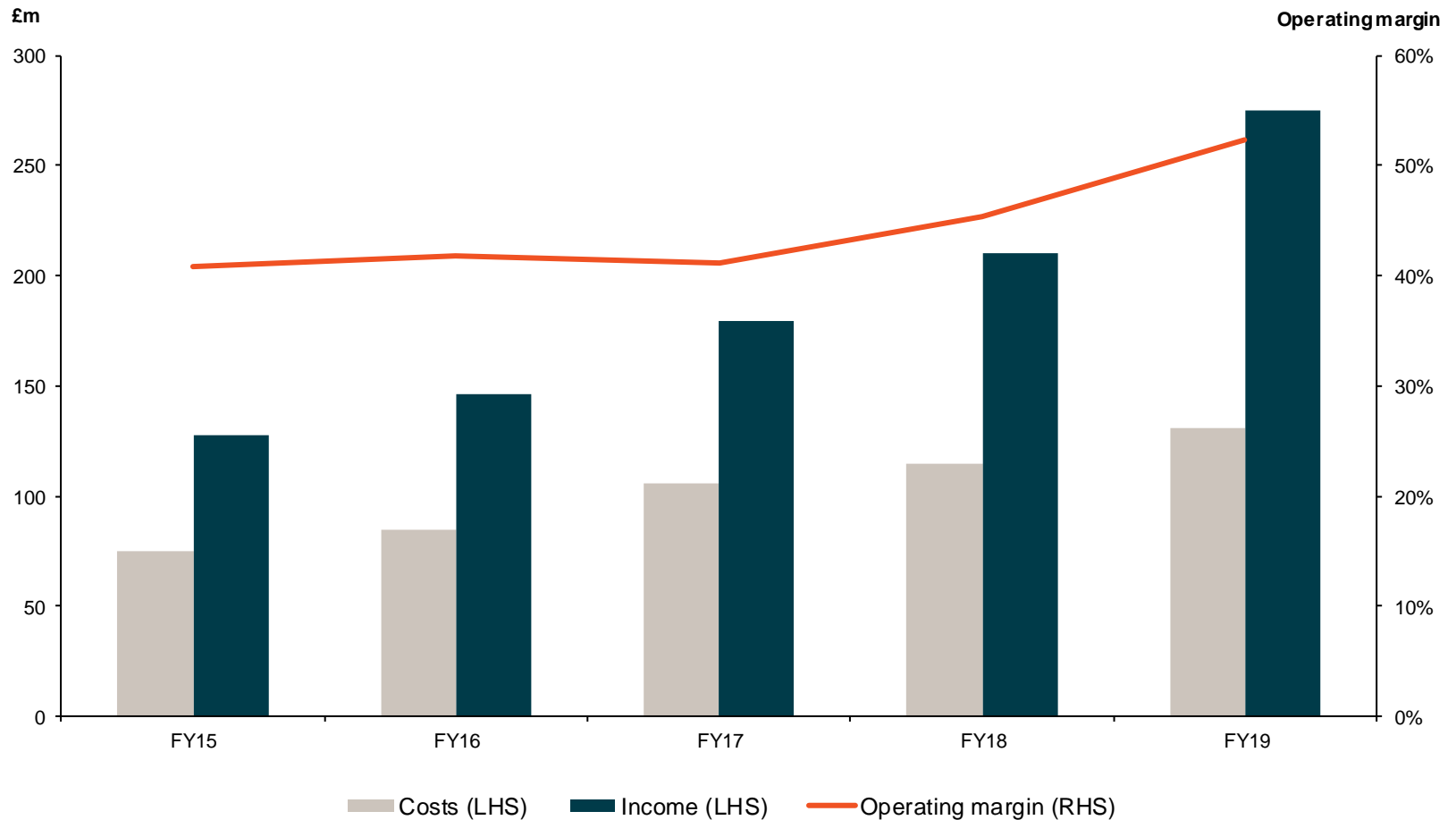
Management fees 'locked in' from current AUM¹



¹Assumes weighted average fee rates of each strategy remain constant throughout 11 year period. Deployment and realisation of funds are in line with standard profile for each strategy

FMC operating margin

Operating margin above target as fee earning AUM grows



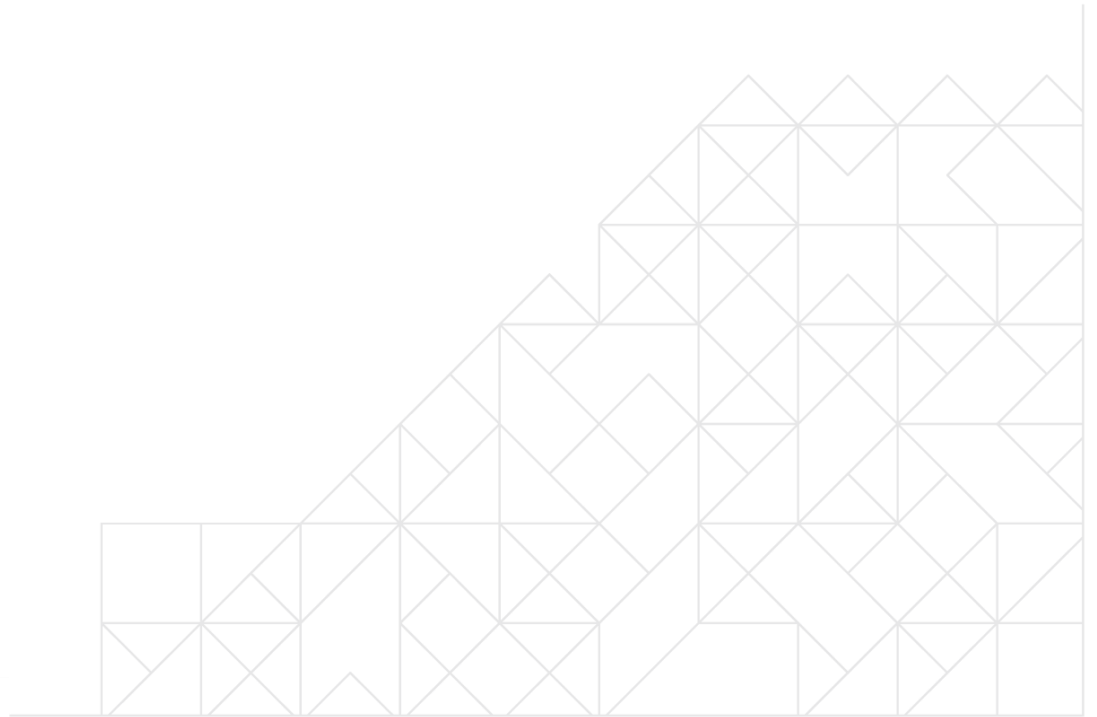
FMC operating costs

Operating leverage continues to improve

£m	12 months to 31 March 2019	% of FMC revenue	12 months to 31 March 2018	% of FMC revenue
Investment team staff costs	29.5	11%	28.0	13%
Marketing staff costs	6.3	2%	5.2	3%
Infrastructure staff costs	11.5	4%	8.9	4%
Staff costs	47.3	17%	42.1	20%
Cash incentives	24.7	9%	24.7	12%
Deferred awards	19.8	7%	16.1	8%
Incentive schemes	44.5	16%	40.8	20%
Other non staff costs	36.7	14%	29.4	14%
Placement fees	2.4	1%	2.5	1%
Total	130.9	48%	114.8	55%

- Increase in staff costs reflects continued investment across our platform
- Non staff costs include one off legal fees incurred to extend the life of a small number of CLOs

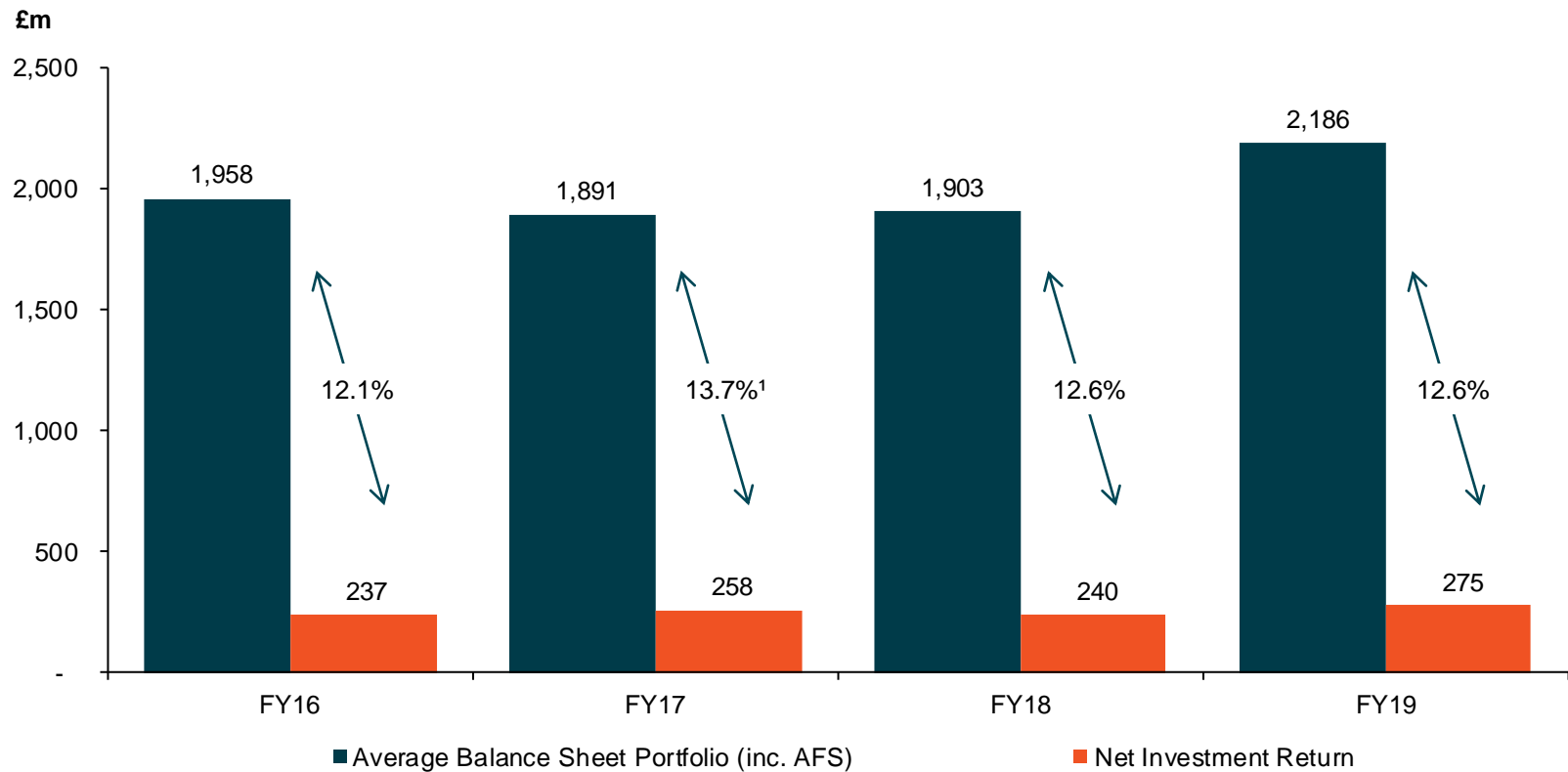
Investment Company



Net investment return

Returns tracking underlying fund performance

Net investment return trend



¹Net investment returns in FY17 exclude realised gains recycled from AFS

Net investment return

Balance sheet portfolio weighted to higher return strategies

Net investment return by fund

	Net Investment Return	% of total NIR	FY19 NIR %	Fund returns to date FY19
Europe Fund VI	97.9	35.5 %	19.0 %	25.6 %
Europe Fund V	62.4	22.6 %	23.2 %	19.0 %
Strategic Secondaries II*	28.0	10.2 %	28.1 %	39.9 %
North America Private Debt I	14.9	5.4 %	14.5 %	17.3 %
ICAP III	12.1	4.4 %	9.8 %	15.5 %
Other	59.8	21.9 %	6.2 %	N/A
Total	275.1	100.0 %	12.6%	N/A

- Other includes investments in the lower returning capital market and real asset classes

*Strategic Secondaries II fund returns data presented as at 31 December 2018

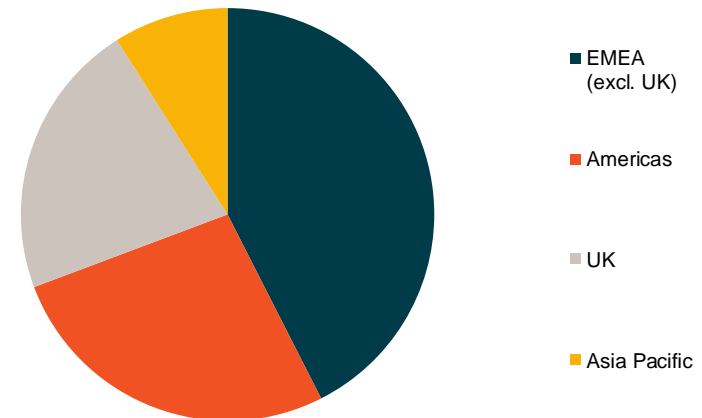
Balance sheet portfolio

Portfolio diversified across sector and geography

Balance Sheet portfolio sector split



Balance Sheet portfolio geographical split



- Focus on companies with:
 - Strong market position in growing markets
 - High barriers to entry
 - Industries with low correlation to economic cycles
 - Strong recurring revenue streams, high margins and highly cash generative

Investment Company costs

Costs stable and in line with expectations

£m	12 months to 31 March 2019	12 months to 31 March 2018
Staff costs	7.8	11.1
Cash incentives	24.6	24.7
Deferred awards	41.8	39.3
Incentive schemes	66.4	64.0
Amortisation	2.3	2.3
Other non staff costs	6.9	8.8
Total	83.4	86.2
Business development costs	2.0	5.6

- Business development costs reflects investment in infrastructure equity investment team

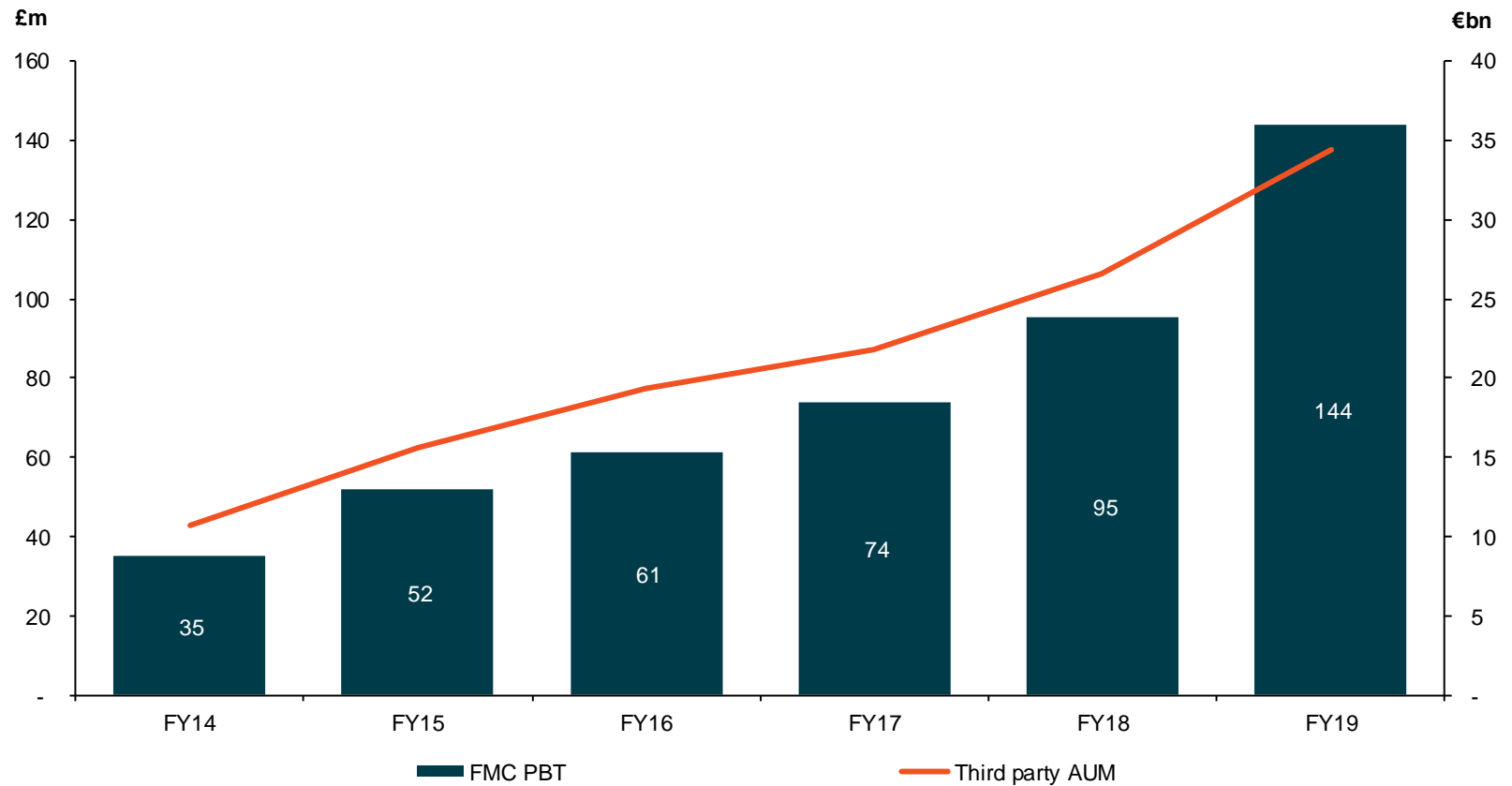
FY20 guidance

- Fundraising – average €6bn per annum over 3 year rolling period; FY20 expected in line with average
- FMC operating margin – above 43%; target under review
- Performance fees to average £20-25m per annum
- Net investment return – averaging 11.5%
- Balance sheet portfolio – average £2.0-2.5bn, reflecting growth in number of strategies
- Gearing 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

FMC profit trend

Strategic delivery; 33% compound annual growth since FY14

FMC profit before tax and AUM trend

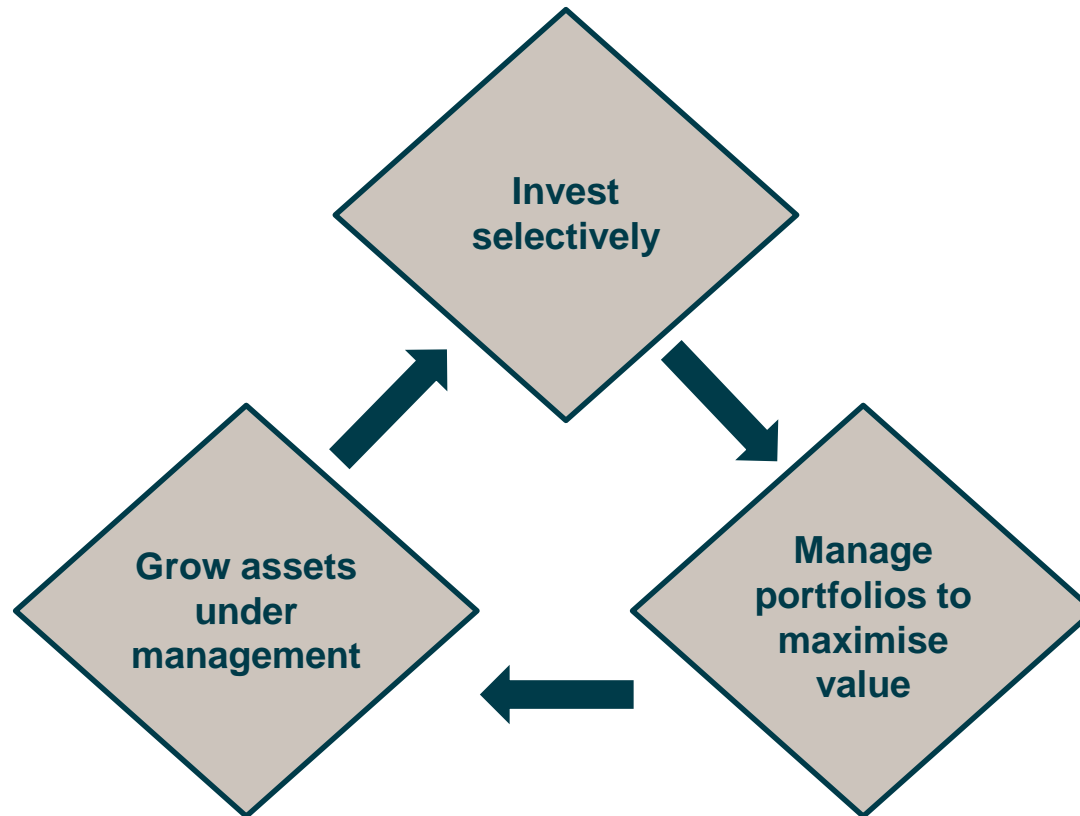


Operating Review



Our strategy

To grow our specialist asset management activities

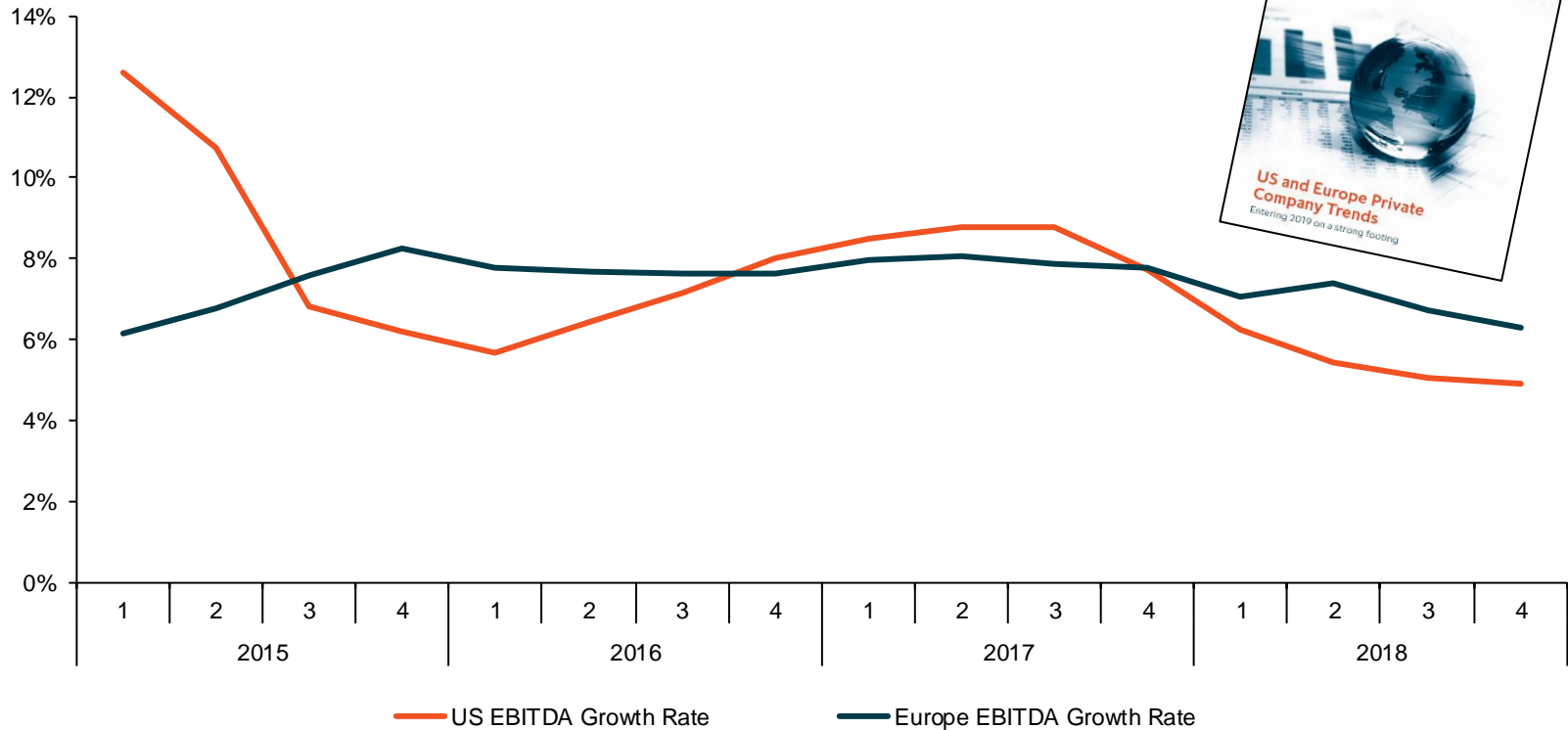


Generate strong shareholder returns to invest in growth and pay sustainable dividends

Investment markets

Private company earnings growth continues

US and Europe EBITDA growth

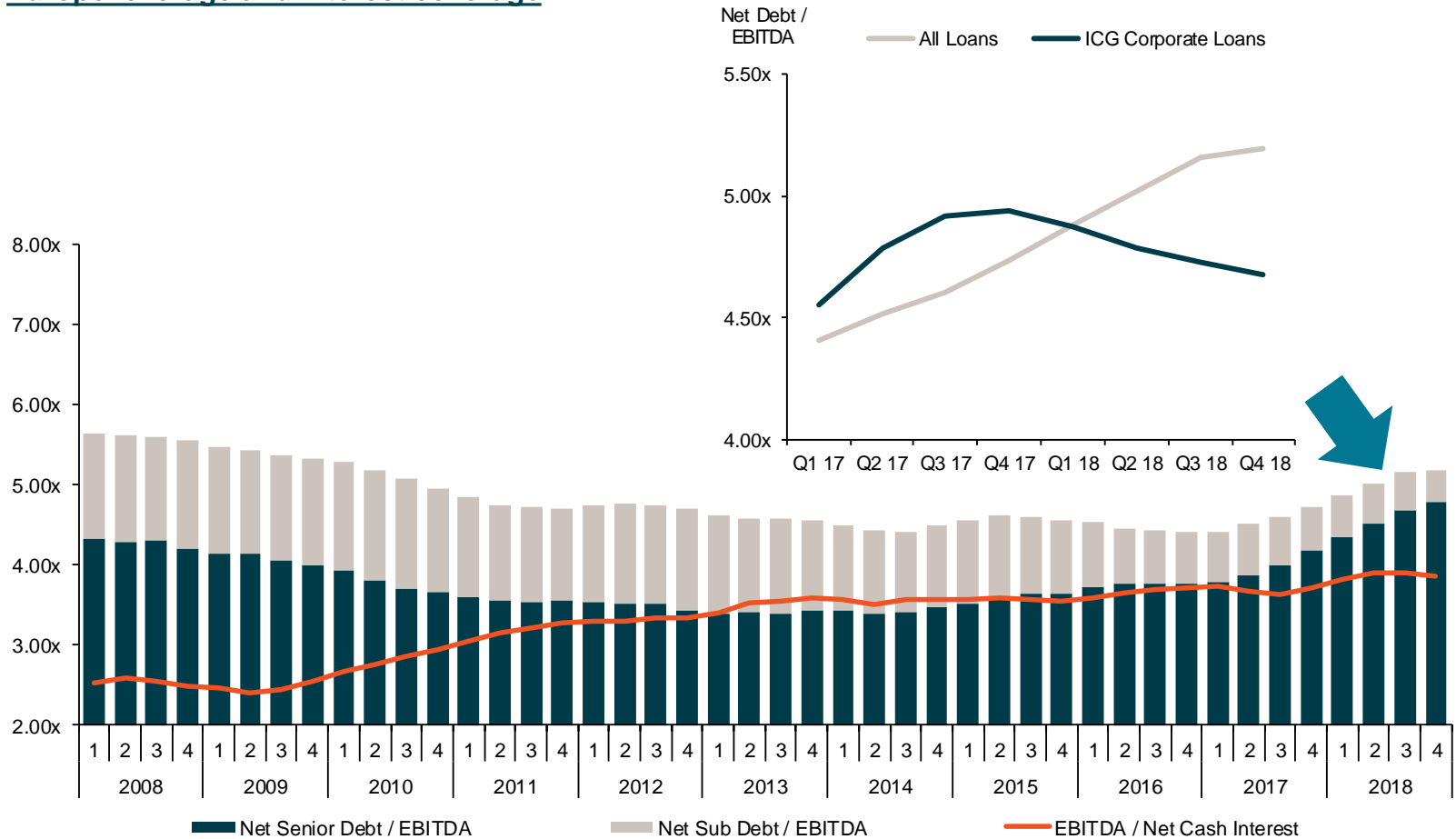


Source: ICG US and Europe Private Company Trends; April 2019

Investment markets

ICG maintains investment discipline

Europe leverage and interest coverage

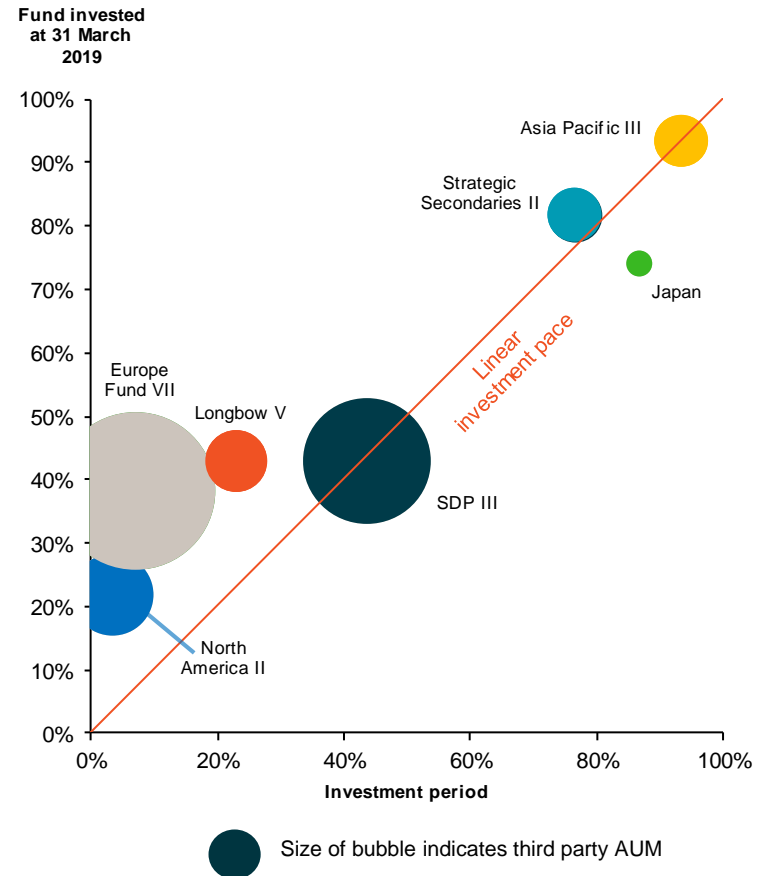
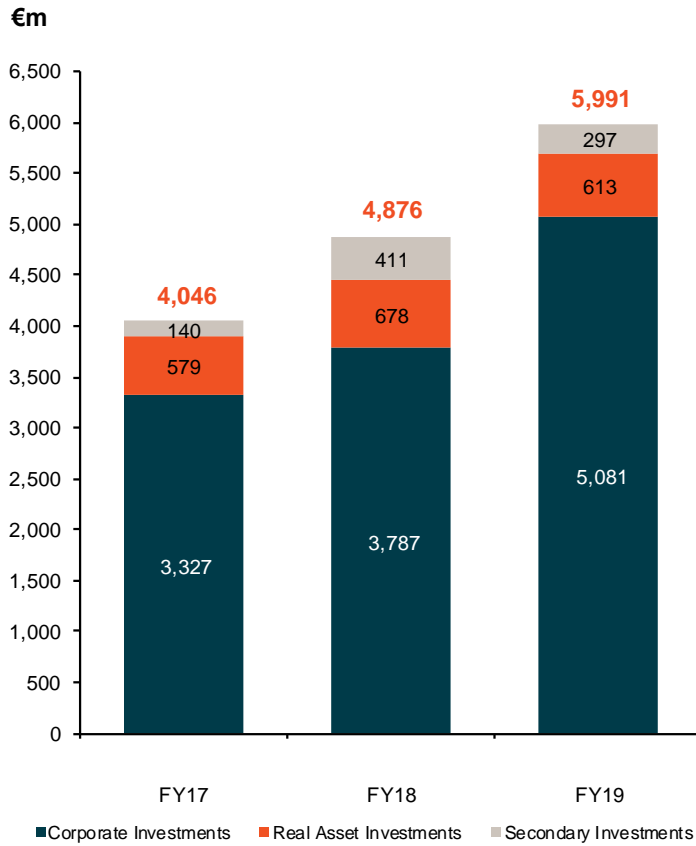


Source: ICG US and Europe Private Company Trends; April 2019

Investing our direct investment funds

Capital deployment up 23%; remains strong for all strategies

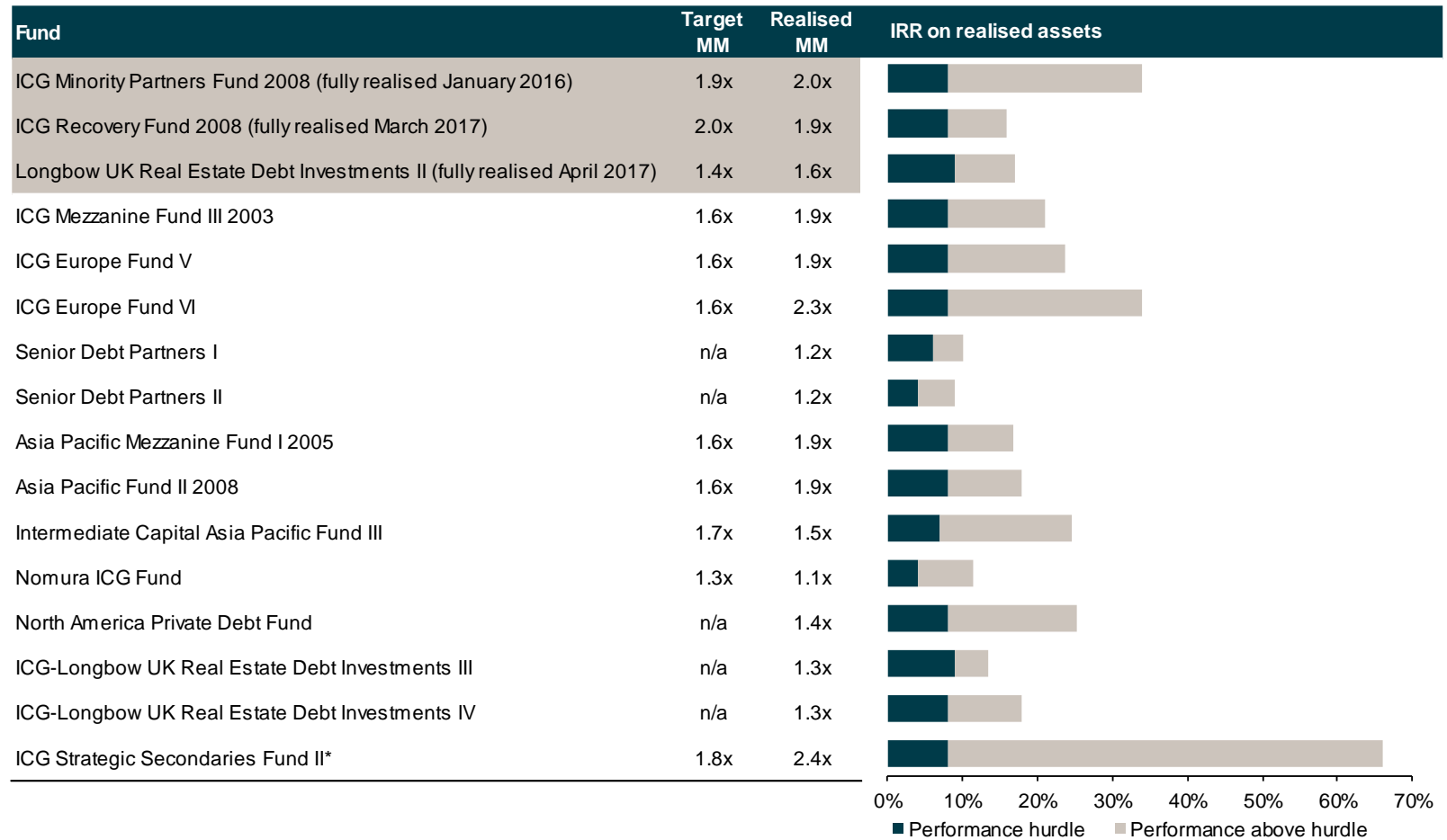
Direct investment funds¹



¹Amounts invested include third party and balance sheet capital

Fund performance

Portfolio performance provides platform for future growth

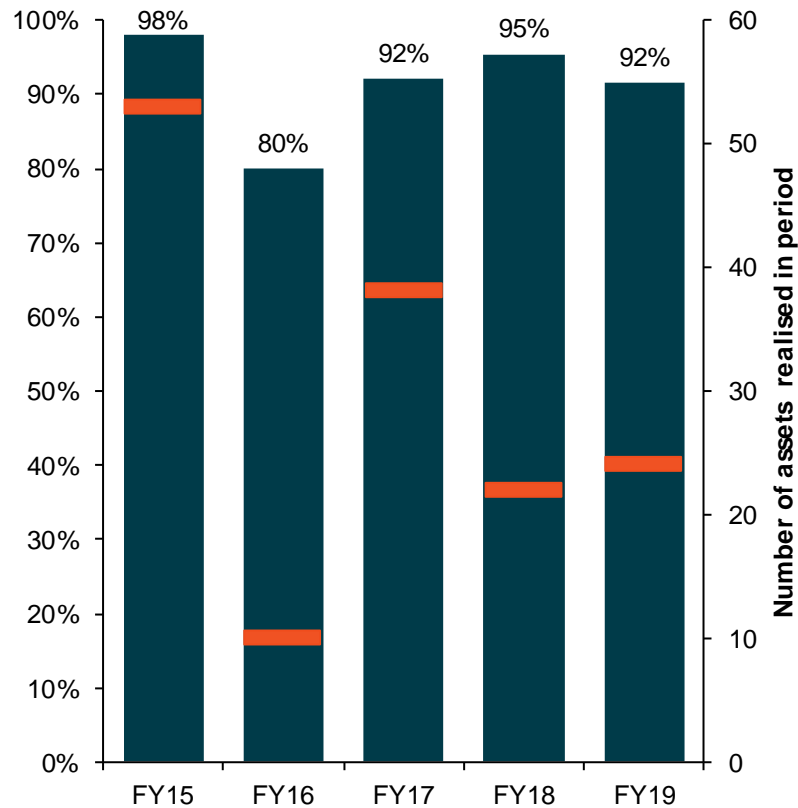


*Strategic Secondaries II invests in assets at a discount to NAV and exits those assets relatively quickly, resulting in an exceptionally high IRR in the early stages of the fund

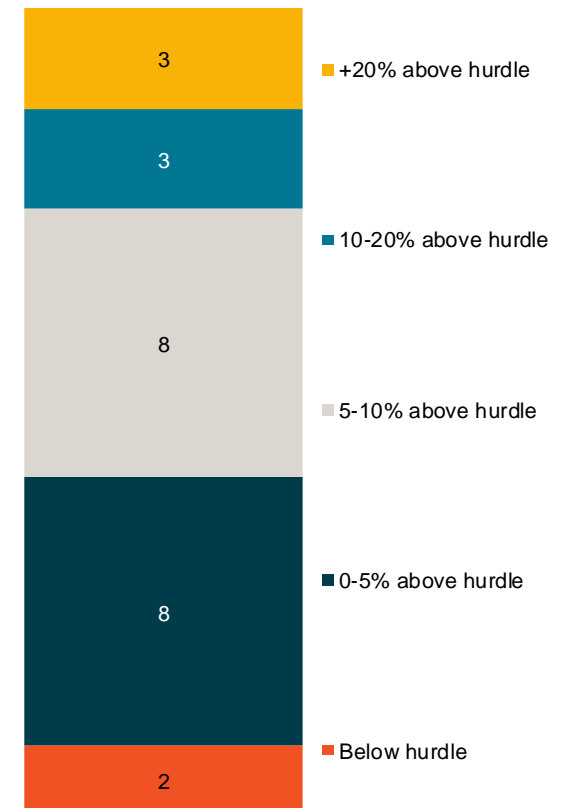
Fund performance

Realising assets locks in investment returns and track record

Percentage of realised assets exceeding hurdle rate



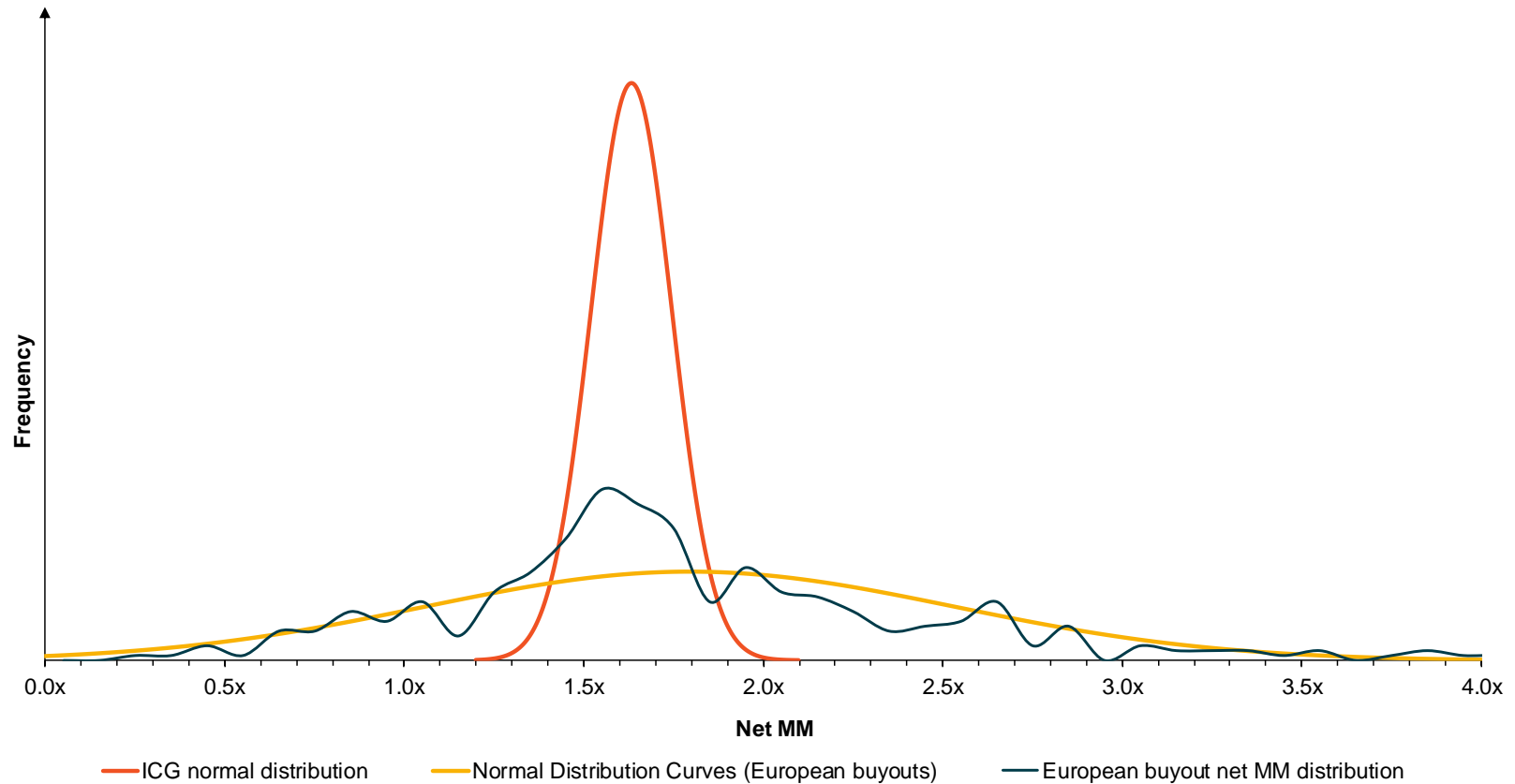
FY19 realised assets; performance against hurdle



Fund performance

Consistency of fund performance a competitive advantage

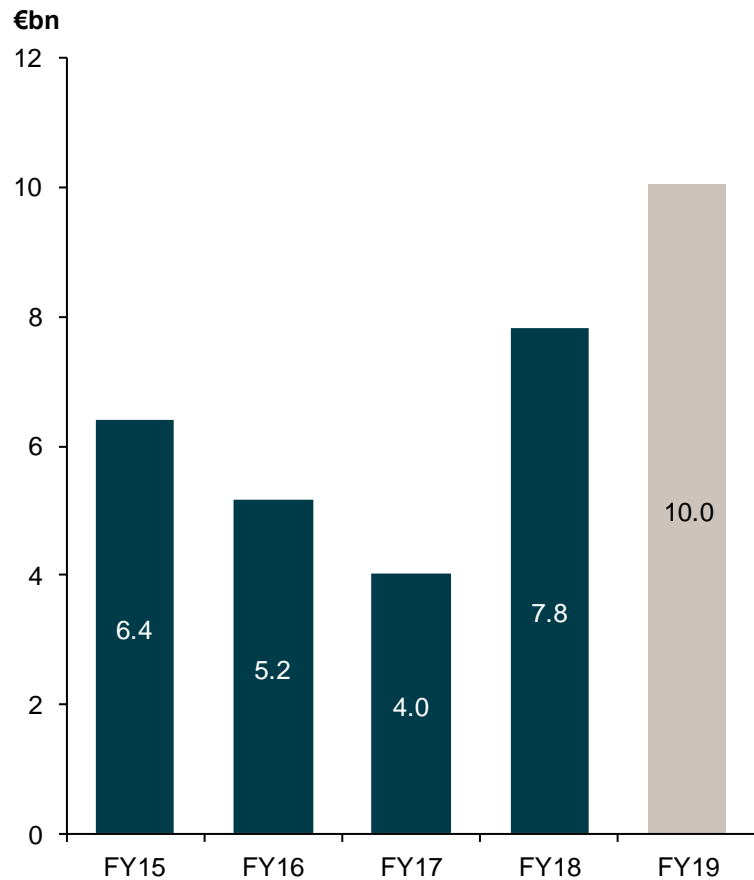
European Corporate returns versus market



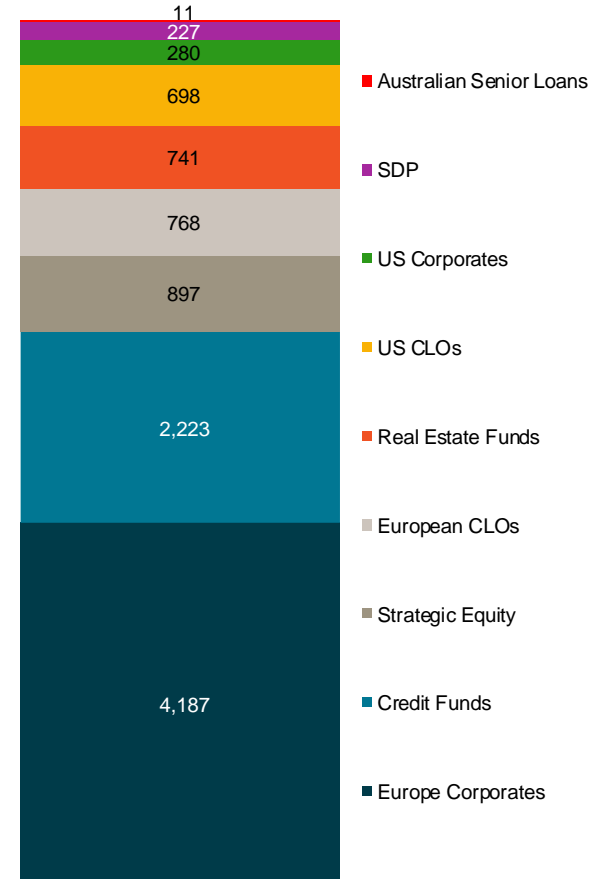
Source: ICG data (as at 31 December 2018), Preqin data (as at May 2019)

Fundraising

Excellent fundraising performance across a range of funds



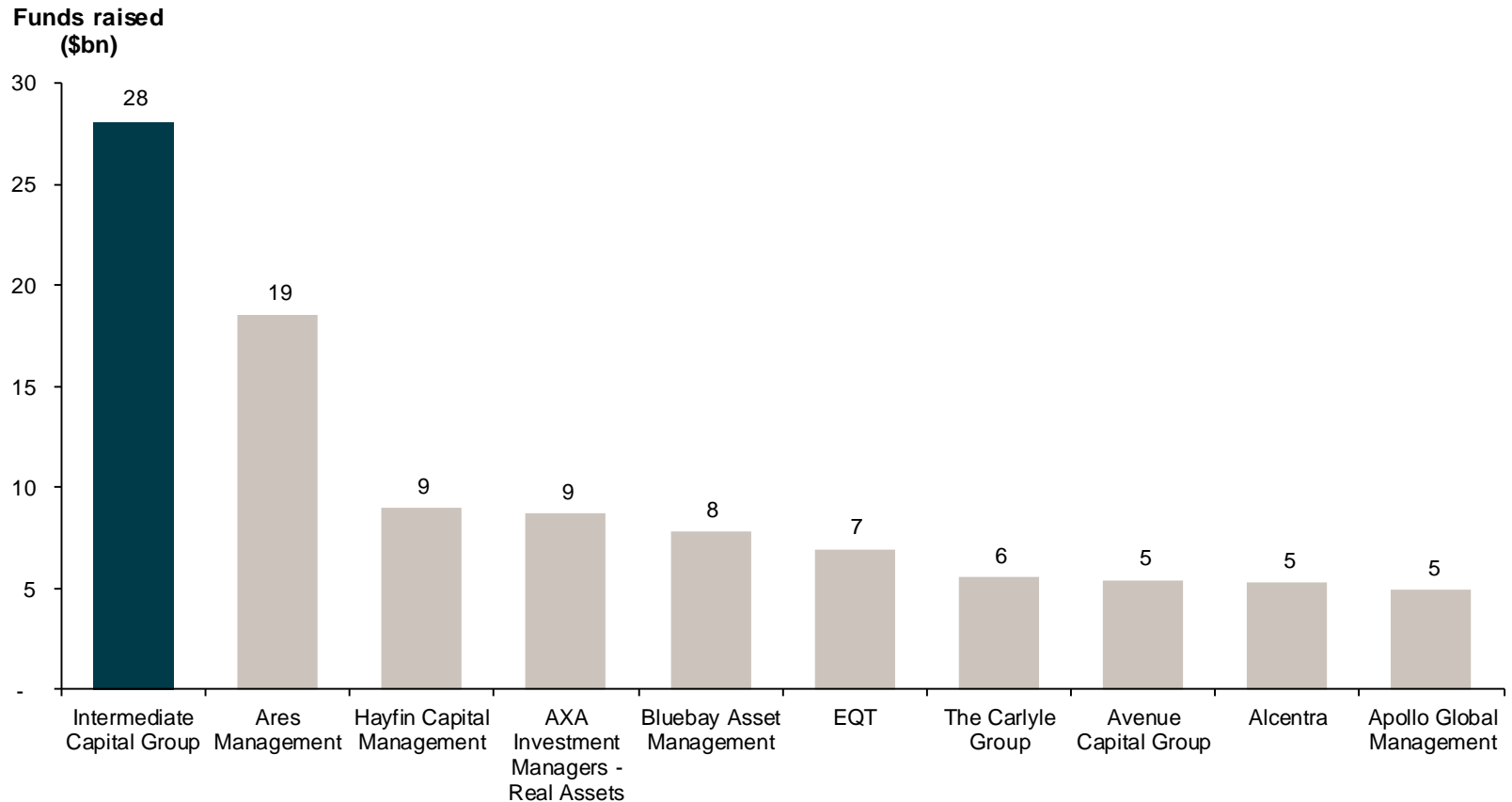
Funds raised in FY19 by strategy (€m)



Fundraising

Number one ranked Europe focussed private debt fundraiser

Top 10 Europe focused private debt fundraisers, 2012-18

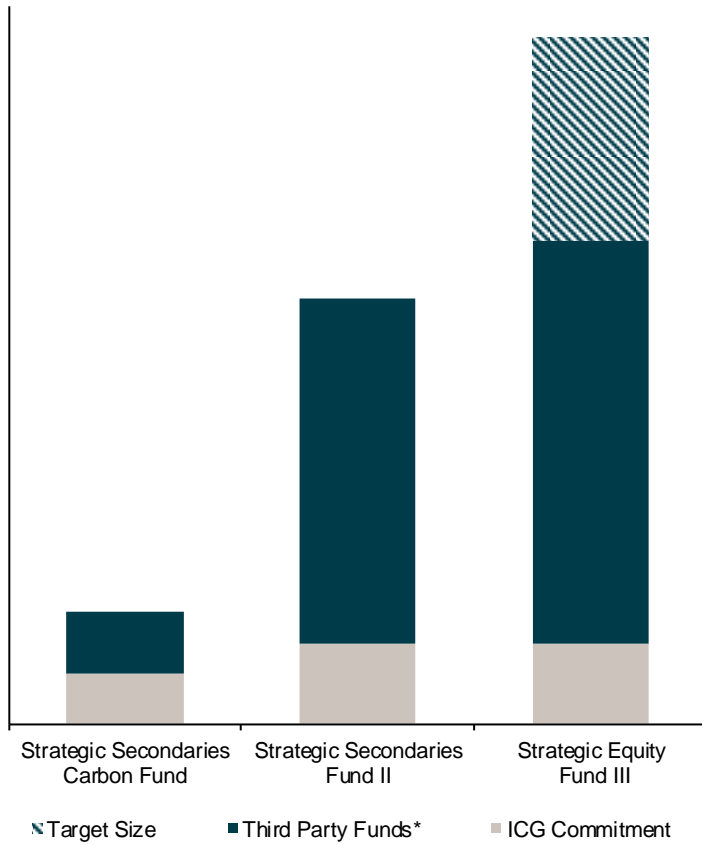


Source: Private Debt Investor. Fundraising Report 2018

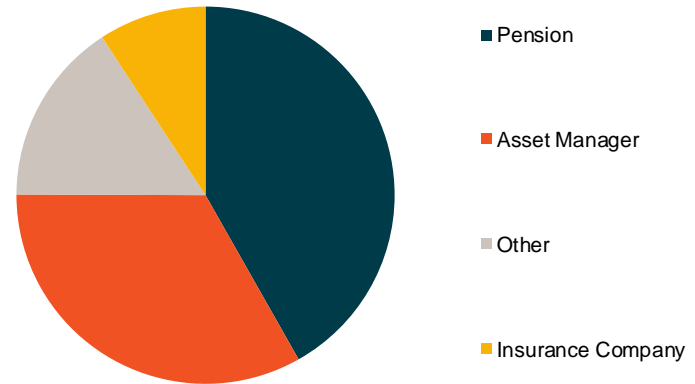
Fundraising – Strategic Equity III

Growth through scaling of existing strategies

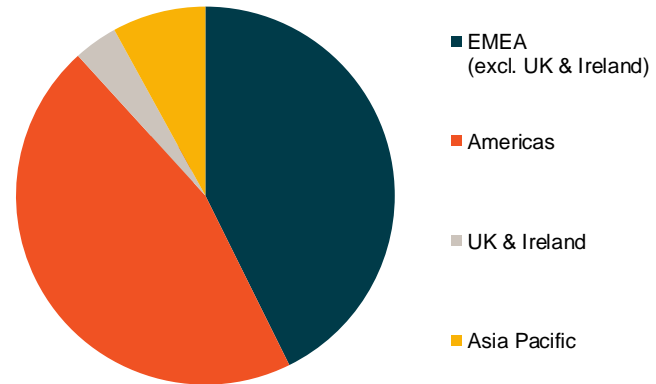
Growth of strategy



Investor by type*



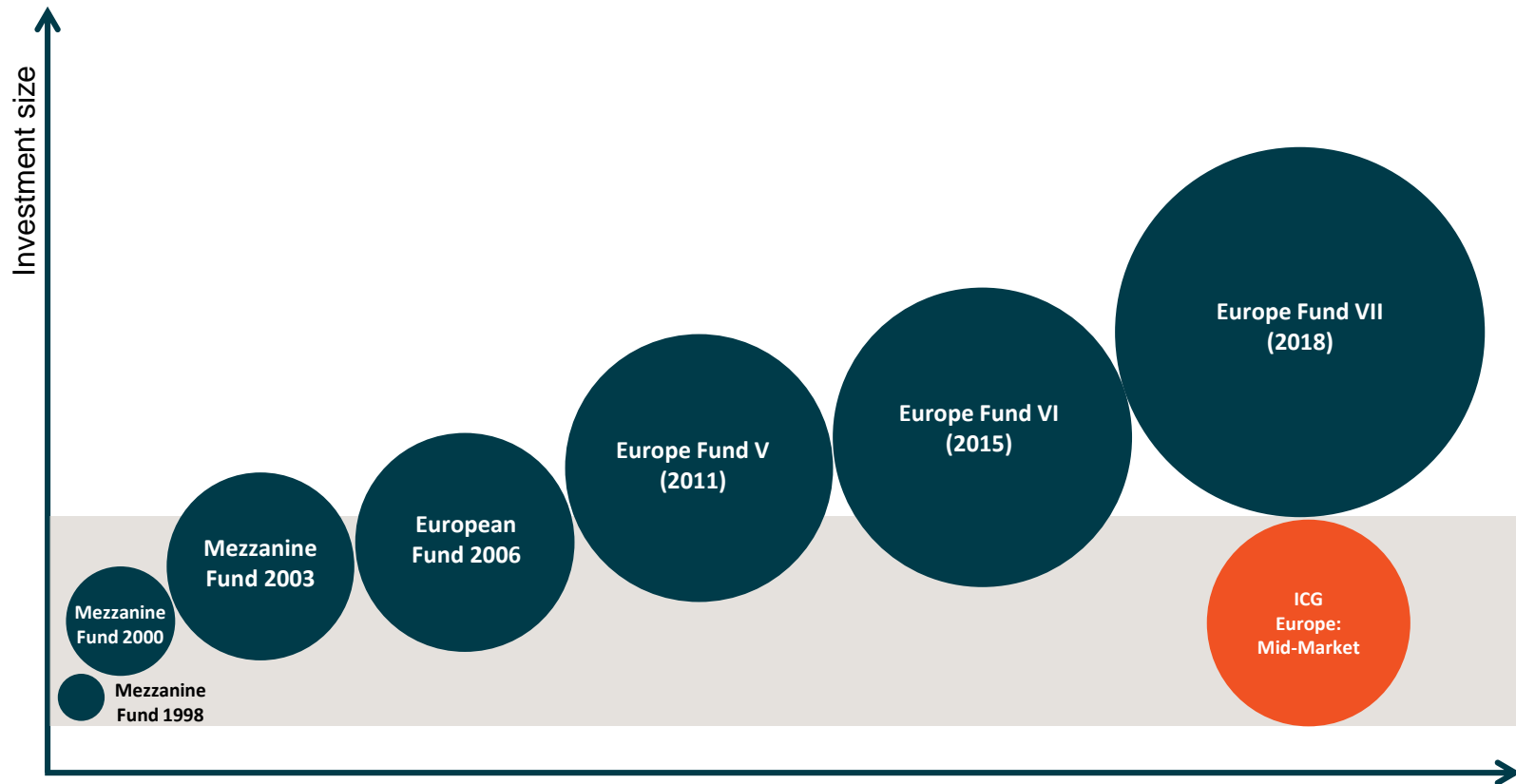
Investor by geography*



*Third party funds raised for Strategic Equity III as at the date of announcement

Fundraising - European Mid-Market

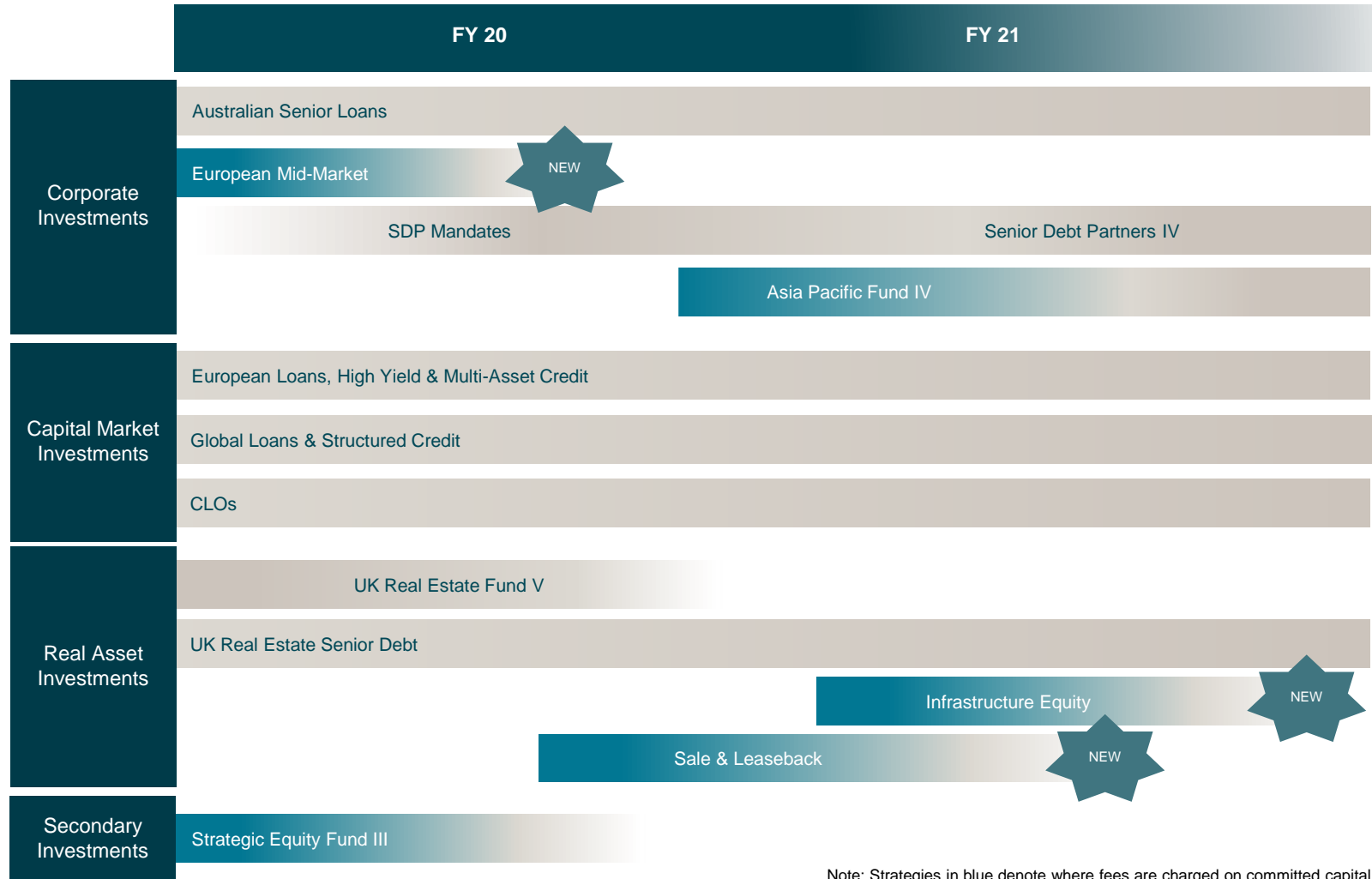
Growth by evolving and scaling European Corporate strategy



Source: ICG as at 30 June 2018. Chart for illustrative purposes only and not to scale

Fundraising outlook

FY20 fundraising focus on newer and smaller strategies



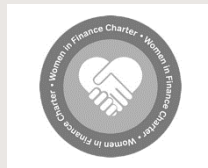
Note: Strategies in blue denote where fees are charged on committed capital

Governance update

Significant progress made in D&I and ESG considerations

Diversity and Inclusion

- Signatory to HM Treasury's Women in Finance Charter
- Pledged to increase number of women in Senior Management roles, currently 26.6%
- Women's Network established
- Diversity and Inclusiveness Committee launched
- A third of the Board are female
- Sponsors of Level20; supporting women in private equity
- 50% UK hires in the year filled by females



Environmental, Social and Governance (ESG)

- Appointed a Responsible Investing Officer (RIO) with a remit of integrating ESG considerations across our fund strategies
- Engagement with portfolio companies to identify ESG risks and improve ESG performance
- ESG risk and opportunities considered in all investment decisions
- Signatory of the United Nations Principles for Responsible Investing since 2013



Summary

Well positioned for further growth

Grow assets under management

- Exceptionally strong fundraising year, with €10.0bn raised
- FY20 fundraising focus on newer and smaller strategies

Invest selectively

- Funds investing at, or ahead of, their linear investment pace
- Investment discipline preserved in a competitive market

Manage portfolios to maximise value

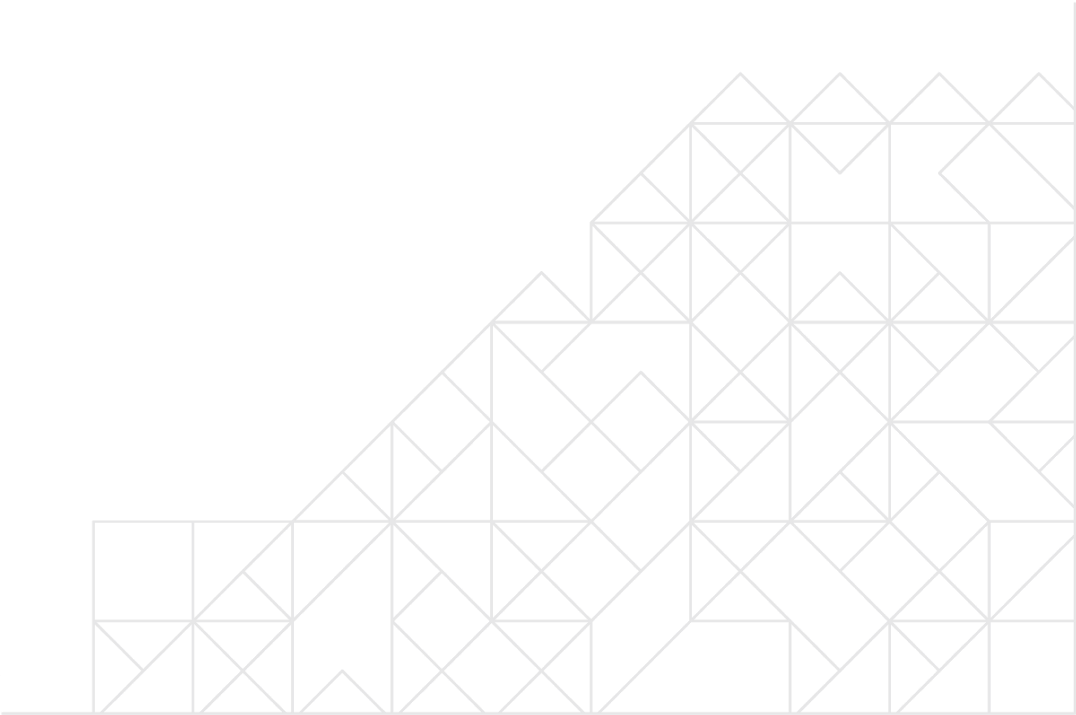
- Portfolios performing well
- All funds on course to meet or exceed a return on hurdle rates

Capital allocation

- Balance sheet flexibility is an enabler and accelerator of growth
- Total ordinary dividend increased 50% to 45.0p per share

Q&A

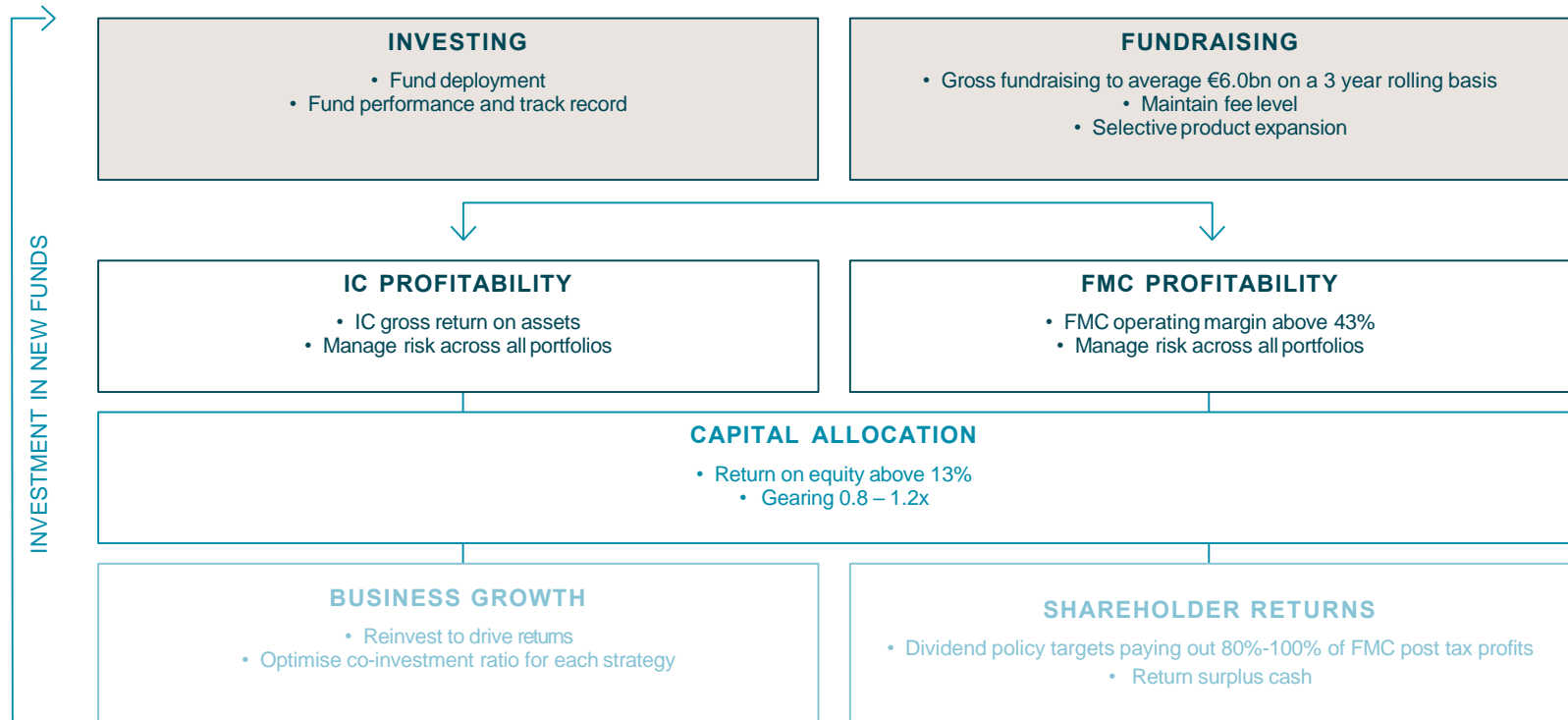
iCG



Appendix



ICG operating model



Vijay Bharadia – incoming CFOO

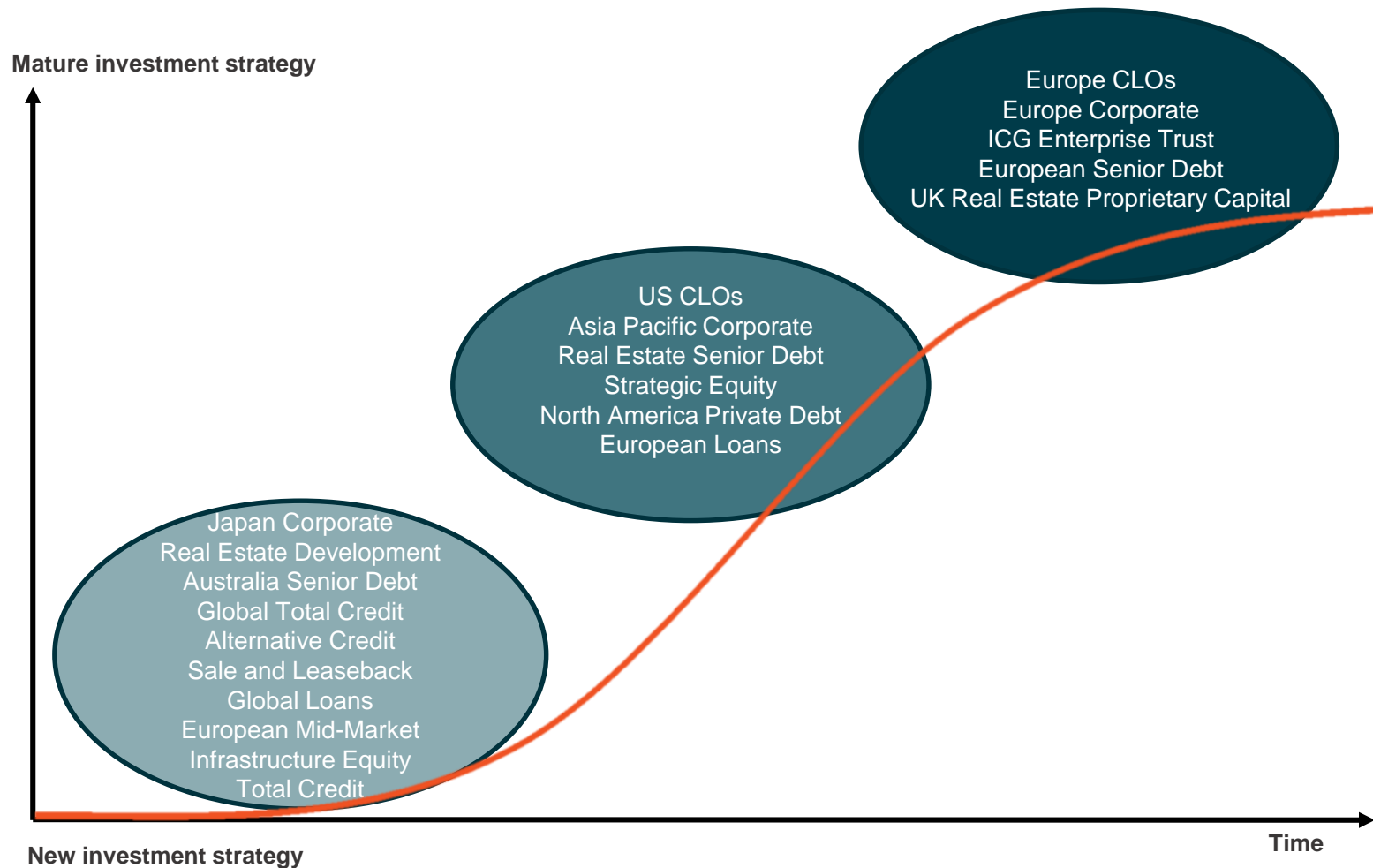
An introduction



- Vijay Bharadia has extensive experience as a CFO in the alternative asset management sector and, in particular, of helping drive significant international growth
- He has worked for the past decade as International CFO for Blackstone with responsibility for financial, tax and regulatory reporting across Europe and Asia, as well as holding a wider operational and governance brief
- Prior to that, he worked at Bank of America Merrill Lynch in a variety of roles, latterly as Co-CFO for EMEA Equities

Maturity of existing strategies

Significant, foreseeable growth from existing strategies



Interest rates

Rising interest rates benefit ICG

Fundraising

- Long term structural trend towards alternatives predicted to remain
- Alternatives will continue to offer vastly superior returns on traditional asset classes

Deployment

- Flexible mandates allow us to deploy at appropriate risk/return
- Lending at floating rates so rising rates would enhance returns for clients

Performance

- Companies performing well and leverage levels are below pre financial crisis
- Underlying portfolio companies are required to hedge their interest costs

Balance Sheet

- Balance sheet hedged; gearing within 0.8-1.2x target levels
- Lending at floating rates, borrowings at fixed rate

Brexit and ICG

Clients

- EU regulated subsidiary in operation
- Access to clients will not be disrupted

People

- Agile workforce with local offices in key markets
- Low number of London employees who do not meet UK residency criteria

Portfolio

- No portfolio companies are dependent on trade between UK and rest of the EU
- Portfolio companies have developed impact assessment and related actions

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