



Candover Investments plc

Interim results to 30th June 2011

30th August 2011

Agenda



- Overview – Malcolm Fallen
- Financial results – Matthew Harrison
- Fund & portfolio update – John Arney
- Summary – Malcolm Fallen



Overview

Malcolm Fallen

Strategic update



- Strip and manager disposals completed
 - Company's balance sheet transformed
 - Significantly reduced net debt, outstanding commitments reduced and improved covenant
 - Headroom available to withstand market turmoil
 - £27.2m repayment of notes made at par from strip proceeds
 - established viable and incentivised independent private equity manager
- Near term focus
 - Reducing costs including resolving property liability
- Clear strategy
 - Deliver shareholder value from the progressive return of cash following realisations

H1 2011 headlines



<i>Key financials</i>	<i>June 2010</i>	<i>Dec 2010</i>	<i>June 2011</i>	<i>Status</i>
NAV	903p	814p	839p	
Change in NAV by period	-13%	-10%	+3%	
Net debt	£59m	£91m	£40m	
LTV ratio	25%	33%	18%	
Outstanding commitments	£73m	£39m	£13m	
Concentration (% portfolio)				
- Top 10	90%	87%	92%	
- Expro	32%	28%	25%	



Financial results

Matthew Harrison

Net assets – H1 movements



	£m	p	% uplift on opening NAV
Opening net asset value	177.9	814	
Gain on financial instruments	5.0		
Profit after tax	2.6		
Capitalised expenses	(2.6)		
Other	(0.3)		
Net asset value pre-currency impact	182.6	835	+2.6%
Currency impact on realised and unrealised investments	3.9		
Restatement of cash and cash equivalents	3.1		
Translation of loan and swap balances	(6.2)		
Closing net asset value	183.4	839	+3.0%

Neutral over period

Investments – H1 movements



£m	
Opening investment value (including accrued income)	310.0
Disposals at valuation	(32.5)
Additions at cost	21.8
Investments realised on sale of strip (inc. pro-rata share of follow-on investments made)	(82.4)
	216.9
Revaluation of investments:	
Valuation movements before currency	13.1
Currency impact on unrealised investments	3.9
	17.0
Closing investment value (including accrued income)	233.9

+7.4% of NAV



Net debt & outstanding commitments



£m	June 2010	Dec 2010	June 2011
Loans and borrowings	203.6	200.5	168.9
Fair value hedge adjustment	(17.7)	(16.5)	(15.3)
Deferred costs	1.2	1.0	0.7
Value of bonds (due end of 2014)	187.1	185.0	154.3
Value of related swaps	(28.2)	(14.1)	(3.1)
Cash	(100.1)	(79.9)	(111.6)
Net debt	58.8	91.0	39.6
LTV ratio	25%	33%	18%
Outstanding commitment	£73m	£39m	£13m

Cash flow statement



£m		
Cash flow from operations		(6.1)
Tax	Includes £10.5m utilisation of exceptional provisions	-
Interest		(3.1)
Net cash from operating activities		(9.2)
Purchase of financial investments	Includes £64.6m of strip assets sold	(21.8)
Sale of financial investments		86.8
Net cash from investing activities		65.0
Repayment of debt		(27.2)
Increase/(decrease) in cash and cash equivalents		28.6
Opening cash and cash equivalents		79.9
Effect of FX on cash and cash equivalents		3.1
Closing cash and cash equivalents		111.6



Fund & portfolio update

John Arney

Manager update



- Founding of Arle Capital Partners
 - Independent private equity partnership established in April 2011 via sale of CPL
 - Founded by former CPL executives
 - Arle Capital Partners is the manager of the Candover 2001, 2005 and 2008 Funds
- Focus remains on enhancing value in the portfolio
 - Active ownership strategy
 - Ensuring businesses are well positioned for growth through:
 - Strong leadership
 - A robust strategy
 - An appropriate capital structure
- Investment strategy
 - Focus on mid-market buyouts
 - Investing in Energy, Industrials and Services Sectors
 - Companies located in the “North Sea Rim” (UK, Benelux, the Nordics and German speaking Europe)

Fund & portfolio update



■ Valuation movements

- Of the top ten investments, four have increased in value on a constant currency basis
- Strong earnings growth across all regions in **Capital Safety** has resulted in a 67% increase in value on a constant currency basis
- Strong trading performance also resulted in increased valuations for **Parques, Qioptiq** and **Technogym**
- **Expro** remains unchanged
- Injection of \$250.0m into **Expro** to fund growth capex demands of the business diluted Candover Investments and hence resulted in a lower valuation.

■ Trading

- LTM revenues grew by 5% year-on-year
- EBITDA to cash conversion is strong across the portfolio which will continue de-leveraging over the year
- Top ten assets have de-levered from 5.5x to 5.3x over the last 12 months

■ Capital structures

- Successful refinancing of PQR US – providing additional acquisition fire power for the group

■ Fund administration

- 2001 Fund: LP consent received to extend Fund life by two years to June 2013
- 2005 Fund: LP consent received to extend follow on period by two years to August 2013 providing retaining follow on capacity, if required, of c.€197.0m
- 2005 & 2008 Fund: LP consent received to admit the Preston Partnership as a co-investor

Realisations and investment activity



■ **Fund realisations (all figures include carried interest proceeds)**

- Equity Trust realisation delivered 1.5x total return generating proceeds for Candover of £19.0m in H1
- Early redemption of Ontex vendor loan note delivered proceeds of £11.0m for Candover

■ **Follow-on investments**

- Expro to fund growth capex requirements (£3.1m for PLC)
- EurotaxGlass's to finance a small acquisition in Finland (£0.6m for PLC)
- Capital Safety Group to fund an acquisition in Colombia (£1.4m for PLC)
- Parques Reunidos to refinance existing equity bridge arrangements (£16.6m for PLC)



Summary

Malcolm Fallen

Summary



- Completed transactions establishing
 - financial stability
 - independent manager
- Headroom to cope with market turmoil
 - Shareholder equity protected
- Clear strategy
 - progressive return of cash to shareholders in most efficient manner following realisations by Arle



Appendices

Ten largest investments



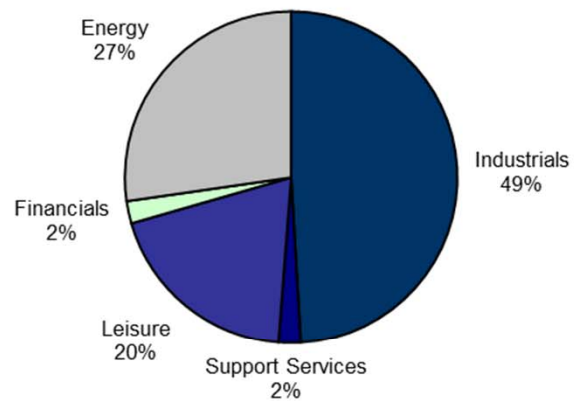
£m	Date of acquisition	Residual cost	Value at 31.12.10	Valuation movement excl. FX	Valuation movement attributable to FX	Value at 30.06.11	Valuation movement (pence per share)	% of net assets
Expro International	Apr 08	92.8	64.3	(3.2)	(2.2)	58.9	(25)	32
Stork	Jan 08	34.7	43.6	-	2.2	45.8	10	25
Parques Reunidos	Mar 07	30.0	37.3	2.6	1.8	41.7	20	23
Capital Safety Group	Jun 07	9.7	14.7	9.9	(0.5)	24.1	43	13
Qioptiq	Dec 05	6.8	12.1	1.3	0.6	14.0	8	8
Technogym	Aug 08	29.2	11.4	1.1	0.5	13.0	8	7
Innovia	Sep 04	2.7	4.8	-	0.2	5.0	1	3
Alma Consulting	Dec 07	14.9	4.5	-	0.2	4.7	1	3
EurotaxGlass's	Jun 06	14.5	4.4	-	0.2	4.6	1	3
Hilding Anders	Dec 06	24.3	3.9	-	0.2	4.1	1	2

The ten largest investments represent 92.3% of the portfolio, with the 2001 Fund Carried Interest representing a further 5.0%

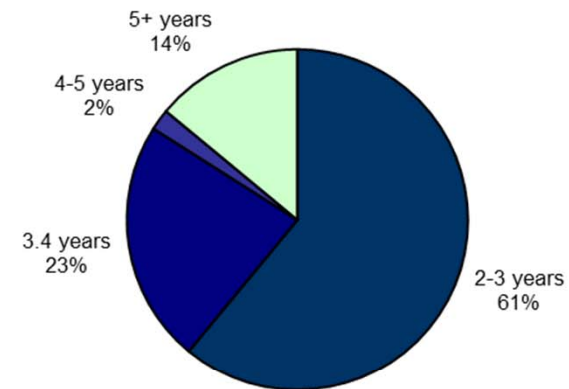
Portfolio analysis – ten largest investments



Sector analysis



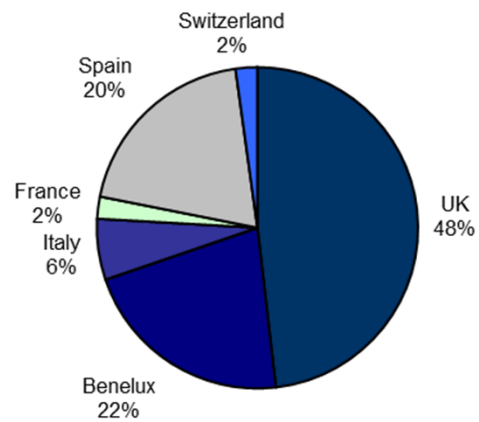
Age analysis



Portfolio analysis - ten largest investments



Geographical analysis



Valuation basis

