



Candover Investments plc

Interim results to 30th June 2012

30th August 2012

Agenda



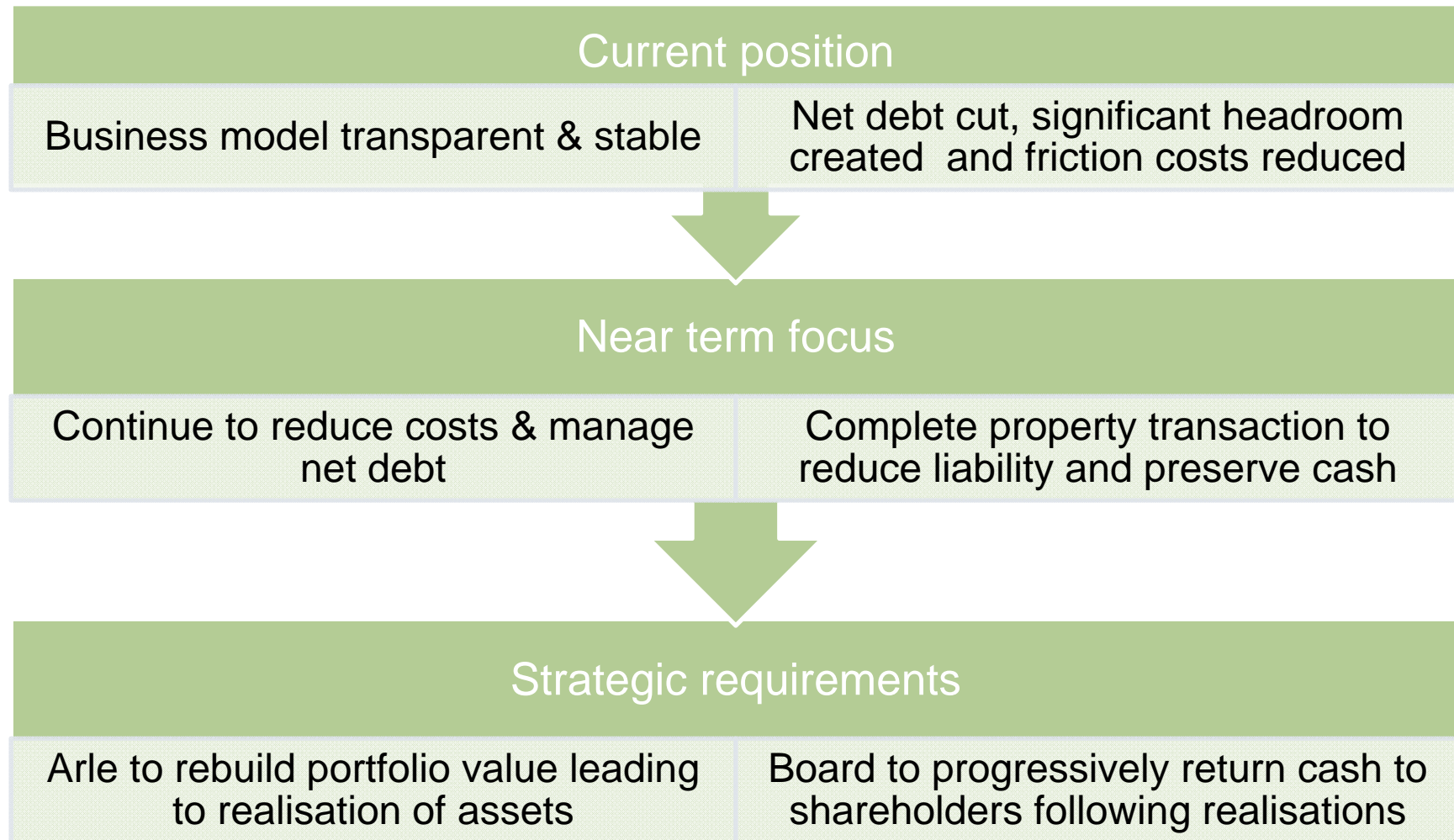
- Overview & financial results – Malcolm Fallen
- Fund & portfolio update – John Arney
- Summary – Malcolm Fallen



Overview

Malcolm Fallen

Update



H1 2012 headlines



<i>Key financials</i>	<i>June 2011</i>	<i>Dec 2011</i>	<i>June 2012</i>	<i>Status</i>
NAV	839p	717p	642p	
Change in NAV by period	+3%	-12%	-10%	
Net debt	£40m	£38m	£16m	
LTV ratio	19%	21%	11%	
Outstanding commitments	£13m	£15m	£14m	
Concentration (% portfolio)				
- Top 3	62%	60%	67%	

Net assets – down 10%



	£m	p
OPENING NAV	156.6	717
Revaluation of investments		
• Loss on financial instruments and other income	(6.2)	(29)
• Currency impact on unrealised investments	(5.1)	(23)
	(11.3)	
Impact of carrying costs		
• Recurring administrative expenses	(2.5)	(11)
• Finance costs	(2.6)	(12)
• Other	0.3	1
	(4.8)	
• Restatement of cash and cash equivalents	(0.3)	(1)
• Translation of loan and fair value hedge adjustment balances	0.2	-
	(0.1)	
CLOSING NAV	140.4	642

Investments – down 6%



£m	
Opening investment value (including accrued income)	204.0
Disposals at valuation	(29.2)
Additions at cost	0.5
	<hr/>
	175.3
Revaluation of investments:	
Valuation movements before currency	(6.2)
Currency impact on unrealised investments	(5.1)
	<hr/>
	(11.3)
Closing investment value (including accrued income)	164.0

Net debt



£m	June 2011	Dec 2011	June 2012
Loans and borrowings	168.9	167.1	157.1
Fair value hedge adjustment	(15.3)	(11.6)	(9.4)
Deferred costs	0.7	0.6	0.5
Value of bonds (due end of 2014)	154.3	156.1	148.2
Value of related swaps	(3.1)	-	-
Cash	(111.6)	(118.1)	(131.7)
Net debt	39.6	38.0	16.5
LTV ratio	19%	21%	11%

Post 30th June £2.7m of deferred proceeds received (including carried interest) from Wood Mackenzie (2009) sale reducing LTV to 9%

Cash flow statement



£m

Cash flow from operations	7.5	
Interest	(5.1)	
Net cash from operating activities		2.4
Purchase of financial investments	(0.5)	
Sale of financial investments	19.5	
Net cash from investing activities		19.0
Repayment of debt		(7.5)
Increase in cash and cash equivalents		13.9
Opening cash and cash equivalents		118.1
Effect of FX on cash and cash equivalents		(0.3)
Closing cash and cash equivalents		131.7



Fund & portfolio update

John Arney

H1 Summary

- > Team now largely complete with the right blend of investment and industrial skills to deliver the Active Ownership Strategy
- > Working closely with portfolio and management teams as volatility in the Eurozone continues unabated
- > Arle managed Funds declined by 3% with Candover's investments declining 6%; difference driven by foreign currency impact
- > Portfolio revenues and EBITDA increased by 2% and 1% since December 2011, mainly driven by growth in emerging markets, new acquisitions and recent contract wins
- > Active Ownership Strategy is delivering significant change:
 - Improved capital structures in 5 portfolio companies: re-financings, restructurings, 'amend and extends', covenant resets and bond tenders
 - 3 portfolio acquisitions: Parques Reunidos acquired 2 parks, DX acquired Nightfreight
 - 5 external appointments to strengthen boards (Alma, Expro, Technogym, Innovia, Hilding Anders)
 - 3 realisations: Completion of Capital Safety Group exit, sale of Expro's Connectors & Measurements as well as final contingent deferred payment from sale of Wood Mackenzie
- > Portfolio de-leveraged by 5% in the last 6 months
- > Continued H2 focus on trading and operational improvement to drive exit prospects
- > Expect macro-economic headwinds to continue in H2

PORTFOLIO



H1 Trading Highlights

Stork

- > Achieved refinancing in July 2012 of over €800m of debt despite hostile markets
- > Created two distinct businesses: STS and Fokker Technologies
- > Injected €100m of new equity (Candover's share €9.9 million)
- > Marked down by £5.2 million (24p per share) due to comparable multiple decline

Parques Reunidos

- > 2 major park acquisitions: Noah's Ark (US) and Slagharen (Netherlands)
- > Secured the capital structure required for Parques to execute its strategic growth plan to 2016
- > Extended credit facilities and amended covenants
- > Investment marked down by £4.7 million (22p per share) due to weaker trading, principally in Italy and Spain, coupled with extreme weather conditions in the EU and US

Expro International

- > Senior team strengthened with new CFO and Chairman
- > Connectors & Measurements sold in May to Siemens for US\$630m
- > Successful US\$430m bond tender to pay down existing debt
- > Trading during 2012 has been strong with year to date earnings over 30% ahead of prior year and order book growing strongly

PORTFOLIO



H1 Trading Highlights

Technogym

- > Strong trading delivered an uplift of £1.9 million (9p per share)
- > New CEO appointed: Luciano Iannuzzi
- > Sir George Buckley joined as NED
- > Official supplier of gym equipment to the London 2012 Olympics

Qioptiq

- > Marked down by £2.5 million (11p per share) driving by weaker trading, principally in defence
- > Completed covenant reset

Innovia

- > Delivered an uplift of £1.2 million (5p per share)
- > Completed a covenant reset
- > Board strengthened with appointment of Malcolm Fallen as Non-Executive Chairman

Alma Consulting Group

- > New CEO appointed: Vincent Taupin
- > £0.4m follow-on investment in first step to strengthen management team and capital structure

PORTFOLIO



H1 Trading Highlights

ETG

- > Unable to reach agreement with the lenders on both a satisfactory restructuring of the debt and an appropriate valuation for the business
- > Chosen not to invest further in ETG and agreed to the lenders taking control of the business

Hilding Anders

- > Arle Partner Anders Pettersson appointed Chief Executive Officer
- > Significant strategic and organisational restructuring is underway
- > Roland Schylit appointed COO, previously Thule and Capital Safety COO

DX Group

- > DX Group acquired Nightfreight, the UK market leader for larger and heavier parcel traffic in the B2C and B2B markets
- > Financed from existing balance sheet resources
- > Enlarged group is now one of the UK and Ireland's leading independent mail, courier and logistics network operators
- > DX trading ahead of budget



Summary

Malcolm Fallen

Summary



- Future value creation largely dependent on successful execution of Arle realisation strategy with critical components being:
 - Arle Active Ownership approach leading to recovery in the portfolio value driven by business fundamentals - earnings growth & cash generation
 - Establishing clear paths to exit for each individual investment

- Return of cash to shareholders will then track the realisation activity of the manager



Appendices

Ten largest investments



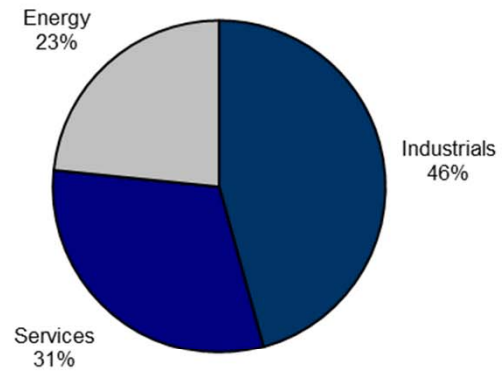
£m	Date of acquisition	Residual cost	Value at 31.12.11	Valuation movement excl. FX	Valuation movement attributable to FX	Value at 30.06.12	Valuation movement (pence per share)	% of net assets
Stork	Jan 08	34.7	42.5	(3.5)	(1.7)	37.3	(24)	26
Parques Reunidos	Mar 07	30.0	42.0	(3.1)	(1.6)	37.3	(22)	26
Expro International	Jul 08	92.1	37.9	(2.1)	0.1	35.9	(9)	25
Technogym	Aug 08	29.2	13.6	2.5	(0.5)	15.6	9	11
Qioptiq	Dec 05	6.8	10.5	(2.1)	(0.4)	8.0	(11)	6
Innovia	Sep 04	2.7	4.6	1.3	(0.2)	5.7	5	4
Alma Consulting	Dec 07	15.3	4.8	-	(0.2)	4.6	(1)	3
Hilding Anders	Dec 06	24.3	3.8	-	(0.1)	3.7	-	3
Get	Jan-06	1.7	2.5	0.3	-	2.8	1	2
DX Group	Sep-06	21.4	2.7	-	-	2.7	-	2

The ten largest investments represent 93.7% of the portfolio, with the 2001 Fund Carried Interest representing a further 4.9%

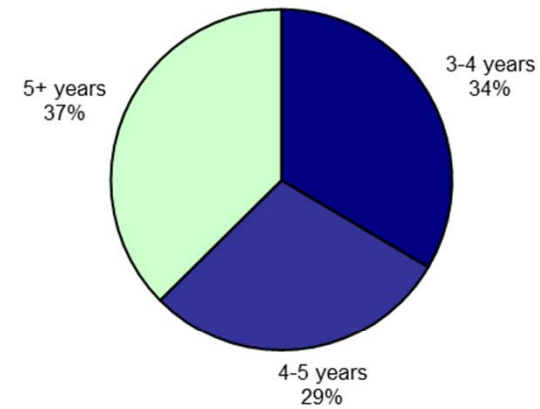
Portfolio analysis – ten largest investments



Sector analysis



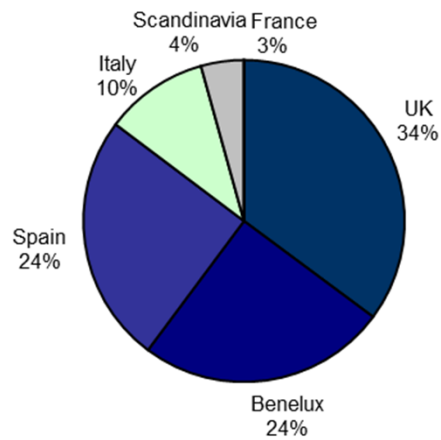
Age analysis



Portfolio analysis - ten largest investments



Geographical analysis



Valuation basis

