Candover Investments plc

Preliminary results for the year ended 31st December 2011

29th February 2012

Agenda

- Results for 2011 – Malcolm Fallen - CEO, Candover
- Portfolio update - John Arney – Managing Partner, Arle
- Summary – Malcolm Fallen

An overview

- Model transformed and aligned with strategy based on:
  - Stable balance sheet, with headroom to withstand market turmoil or an extended realisation timetable
  - Viable and incentivised independent private equity manager
  - Continued programme of prepayment of loan notes from realisations to reduce the outstanding principle and interest costs
  - Outsourced back office services
- Portfolio valuations impacted by the volatile economic environment, with solid progress in the first half overturned during the second
  - Weaker Euro relative to Sterling: 1.11 (30/6) ⟹ 1.19 (31/12)
  - Falls in listed comparator multiples
  - Earnings under pressure in some companies

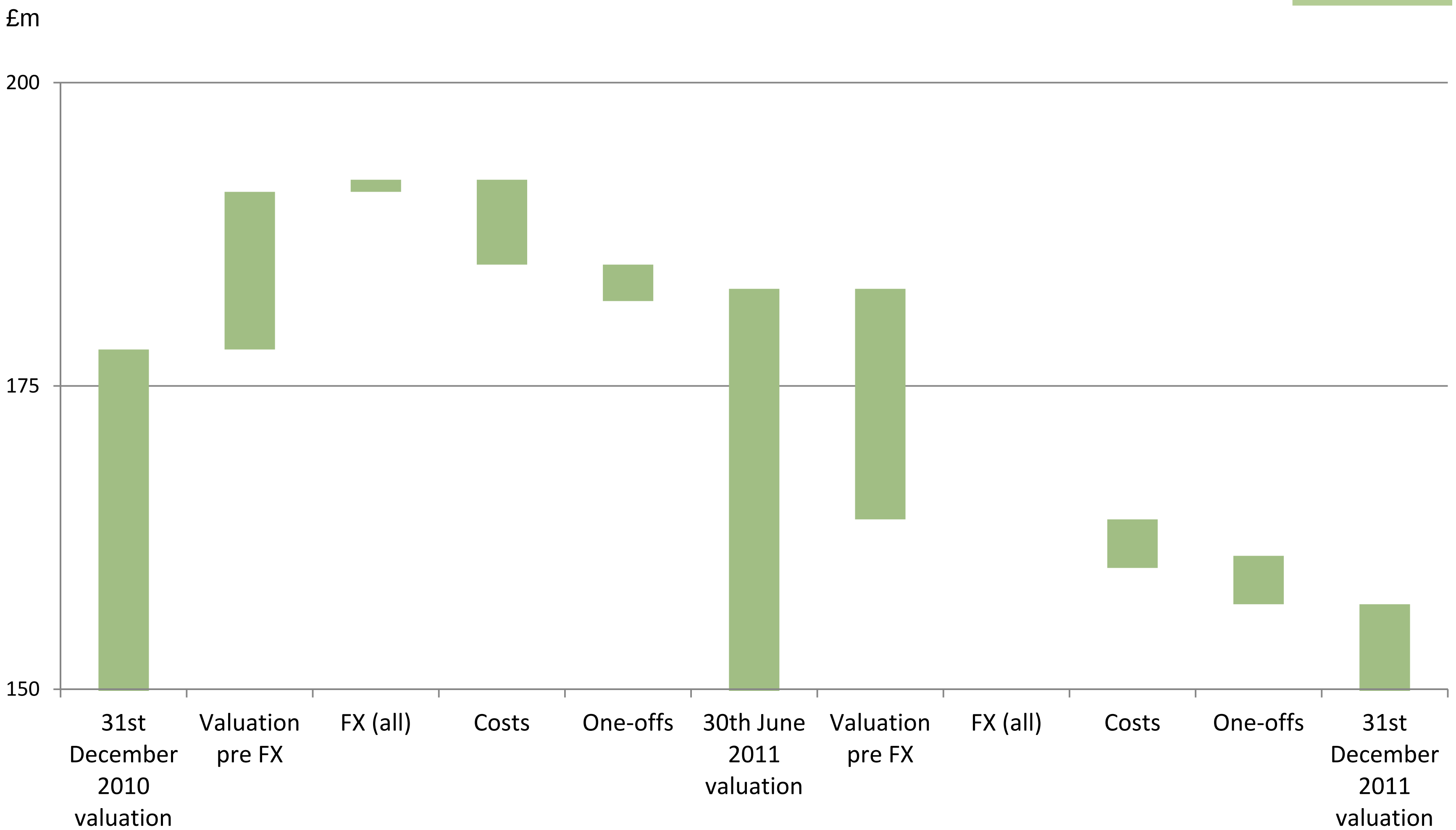
2011 headlines

CANDOVER

Key financials	*Dec 2010*	*June 2011*	*Dec 2011*	*Status*
NAV	**814p**	**839p**	**717p**	
• Change in NAV during the 6 mos period		**+3%**	-15%	
• Change in portfolio valuation during the 6 mos period		**+8%**	-11%	
Net debt	**£91m**	**£40m**	**£38m**	
LTV ratio	**33%**	**18%**	**21%**	
Outstanding commitments	**£39m**	**£13m**	**£15m**	
Concentration (% portfolio)				
- Top 10	**87%**	**92%**	**94%**	

Proceeds from CSG post the year end result in proforma net debt of £8.8m and pro-forma LTV of 5.6% at year end exchange rates

NAV bridge – H1 vs H2



Net assets – down 12% YoY

CANDOVER

	£m	p
OPENING NAV	**177.9**	**814**
Revaluation of investments		
• Loss on financial instruments and other income	(5.9)	(27)
• Currency impact on realised and unrealised investments	(3.5)	(16)
	(9.4)	
Impact of carrying costs		
• Recurring administrative expenses	(6.5)	(30)
• Finance costs	(4.2)	(19)
• Other	(0.4)	(2)
	(11.1)	
Currency impact on cash/debt		
• Restatement of cash and cash equivalents	4.9	23
• Translation of loan and swap balances	(0.4)	(2)
	4.5	
One off impacts		
Loss from CPL disposal group (discontinued operations)	(1.8)	(8)
Exceptional non-recurring costs : property	(3.5)	(16)
	(5.3)	
CLOSING NAV	**156.6**	**717**

Investments – down 4% YoY

£m		
Opening investment value (including accrued income)		**310.0**
Disposals at valuation		(34.4)
Additions at cost		20.2
Investments realised on sale of strip (inc. pro-rata share of follow-on investments made)		(82.4)
		213.4
Revaluation of investments:		
Valuation movements before currency	(5.9)	
Currency impact on unrealised investments	(3.5)	
		(9.4)
		204.0
Investments held for sale		**(29.2)**
Closing investment value (including accrued income)		**174.8**

Net debt - £8.8m (pro-forma) down from £91m

CANDOVER

£m	Dec 2010	June 2011	Dec 2011
Loans and borrowings	200.5	168.9	167.1
Fair value hedge adjustment	(16.5)	(15.3)	(11.6)
Deferred costs	1.0	0.7	0.6
Value of bonds (due end of 2014/early 2015)	**185.0**	**154.3**	**156.1**
Value of related swaps	(14.1)	(3.1)	-
Cash	(79.9)	(111.6)	(118.1)
Net debt	**91.0**	**39.6**	**38.0**
Pro-forma net debt*			**8.8**
LTV ratio	**32.6%**	**18.8%**	**20.6%**
Pro-forma LTV*			**5.6%**

* Capital Safety proceeds £29.2m at year-end exchange rate

Currency exposure at 31st December 2011

GBP equivalent (millions)	GBP	Euro	US Dollar	Total
Cash	85.0	5.0	28.0	118.0
Loan notes	(30.0)	(16.0)	(110.0)	(156.0)
Net debt	55.0	(11.0)	(82.0)	(38.0)
Investments	3.0	134.0	67.0	204.0
Total	**58.0**	**123.0**	**(15.0)**	**166.0**

Carrying costs

- Structure of ongoing costs
  - Managers fee ⟹ tracks portfolio value (1.5%; no performance payments)
  - Interest cost ⟹ essentially fixed; prepayment offers help to reduce cash drag
    ⟹ offset by amortisation of £11.6m remaining fair value hedge adjustment over 2012 - 14
  - PLC costs ⟹ back office outsourced support, cost of listing, registrar and professional fees and board costs
- Property provision update
  - Now fully provided to end of lease (end of 2014)
  - £3.5m exceptional cost during 2011

Portfolio update

John Arney

ARLE CAPITAL PARTNERS

- The build out of the partnership is complete:
  - The team combines investment professionals and proven business leaders:
  - Team of 35 spanning nine nationalities
  - Investment and support teams augmented with hires from, inter alia, BC Partners, 3i, Bain

- Arle's industrial partners include:
  - Sir George Buckley, (currently Chairman, President and CEO of 3M), appointed Chairman of Arle from 1st June 2012
  - Fredrik Arp, (former CEO of Volvo Cars, Trelleborg AB), appointed Chairman of the ORB
  - Anders Pettersson, (former CEO of Thule, Capital Safety)

- Arle's Active Ownership Framework is fully operational
  - Established Operational Review Board (ORB
  - Includes all investment professionals and industrial partners
  - Meets quarterly to review and monitor each portfolio company

- Formalised, disciplined approach embodied in enhanced processes and governance

ARLE'S ASSETS UNDER MANAGEMENT*

ARLE

- 10 controlled EU LBOs and 3** minority investments
- Current Arle equity value of €2.3bn
- Total revenue c.€6.1bn, EBITDA c.€1.0bn***
- Present in over 140 countries
- Extensive, loyal and international network of senior business leaders
- €225m of 'dry powder' available to deploy in the portfolio (Candover share: €17.9m)

* As at 31st December 2011
** Includes one residual post exit stake: GET
*** As at 31st December 2011, excludes GET and ONO as ownership <10%

MANAGER'S PRIORITIES

- Strategically aligned with Candover to maximise and realise the value of existing portfolio
- Preserve and optimise value amidst prolonged period macro-economic uncertainty
  - Robust debt structures
  - Revised organic growth strategies
  - Revitalised leadership and operations
  - Selective acquisitions
- A disciplined approach to realisations: sell only when valuations are satisfactory

PORTFOLIO COMPANY OVERVIEW

Valuation Movements

- Valuation uplift of 5.9% in the Funds managed by Arle year on year
- Candover's portfolio decreased by 4.4% year on year
  - the difference in performance reflects: the Expro weighting, the dilutive effect of not reinvesting in Expro alongside the 2008 Fund, and the Euro/Sterling translation effect
- H1 valuation uplifts of £17m were offset by worsening economic environment in H2
- Stronger trading performance has resulted in higher valuations for six portfolio companies*
- Valuations of four portfolio companies remain unchanged*
- Expro was written down by £25.6m largely due to compressed sector multiples

Trading Highlights

- Of the top ten investments, nine companies improved LTM revenues, but less consistent flow through to earnings

Capital Structures

- New financing instrument for **Stork** to help fund its acquisition of RBG
- Supported Palace, **PQR'**s US business in issue of a five year high yield bond to further support acquisitions
- **ETG**: we are working with all stakeholders to put in place the most appropriate capital structure for the business.

*on constant currency basis

EXPRO INTERNATIONAL

OVERVIEW

> Leading oilfield service providers specialising in well flow management, with a particular focus on the most technically challenging deep water environments

> New management team finalised with appointments of Chairman, CFO and Sales Director

TRADING

> Strong performance by some divisions offset by challenges in some geographies, with decisive action taken in these regions
  - In addition, protracted recovery in offshore market activity has resulted in the deferral of some projects

> Significant capex investment in 2011 to drive sales growth in FY 12/13

> Recent trading has been more encouraging with a strong start to the calendar year
  - A number of new contracts and renewals have been won
  - Order book remains strong with a substantial pipeline of bids pending

MARKET

> Market drivers remain positive for 2012
  - Deferred projects coming back on line
  - Oil price stability expected to drive increased E&P spend
  - Increased drilling activity with all the major regions expected to increase by 5-10%

FOLLOW-ON INVESTMENTS & REALISATIONS

Fund Consents

> **2001 Fund:** extension terminates 13th June 2013 to enable investments to be realised at an optimum time and value

> **2005 Fund:** extension terminates 26th August 2013 to support portfolio growth where required

Follow-on Investments:

> €64.1m in **Expro** to fund growth capex as levels of new business began to increase and €3.3m to fund the AX-S project post year end

> €5m in **EurotaxGlass's** for the acquisition of Autovista

> €11.3m in **Capital Safety Group** for acquisitions in Colombia and in the UK

Realisations: Arle team has realised and returned €730.0m to investors to date including £65.2m to Candover (£23.3m in 2011)

> **Equity Trust**: Sold to Doughty Hanson for €350.0m, resulting in a return of 1.5x original investment
  - Candover proceeds received in 2011 of £15.2m

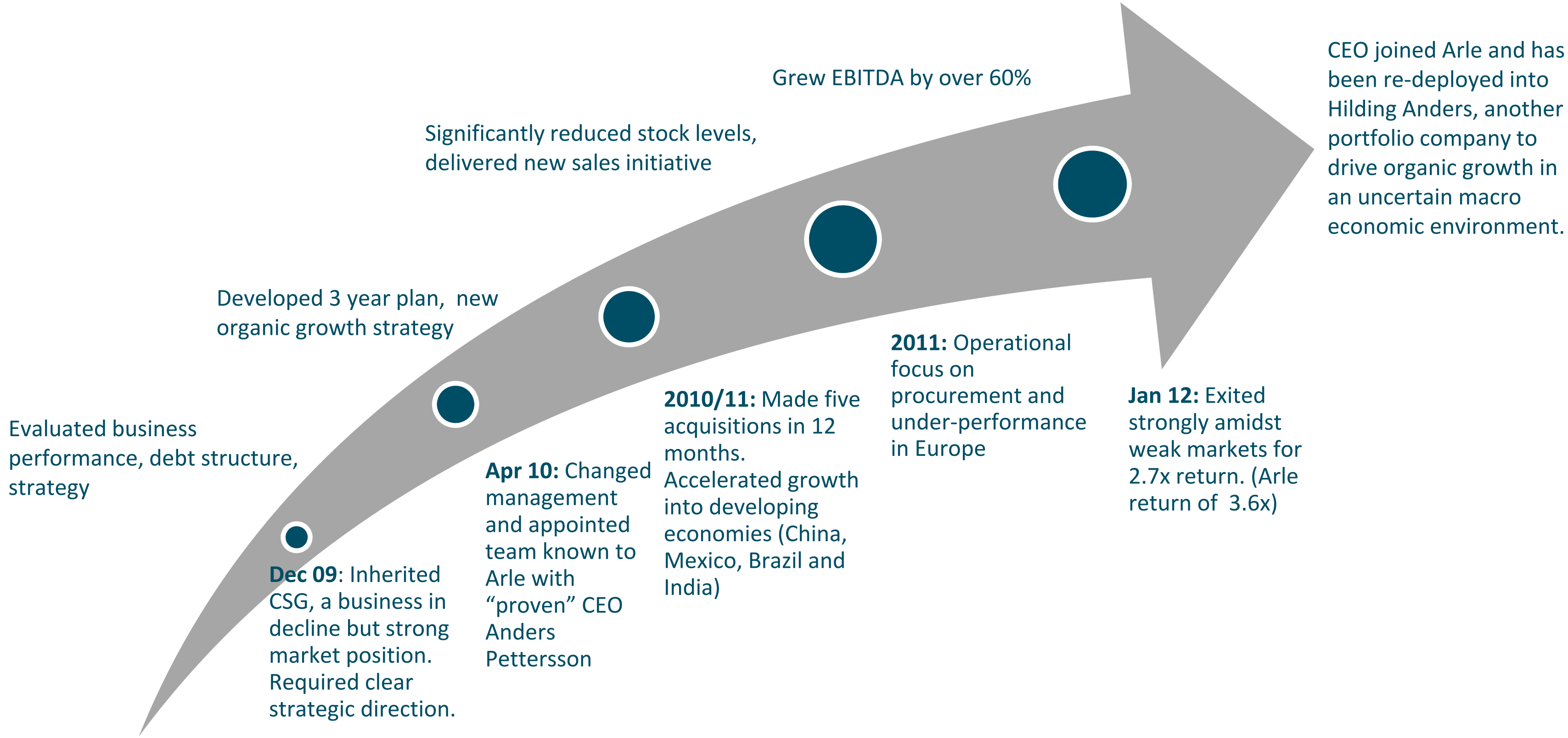
> **Ontex**: Early redemption of a deferred payment relating to the sale in 2010
  - Candover proceeds received in 2011 of £8.0m

> **Carried interest:** further carried interest of £9.0m was received by Candover in 2011

> **Capital Safety Group**: Sold to KKR for $1.12bn, representing 2.7x return or 3.6x since Arle inherited the business
  - Candover proceeds received in 2012 of £27.3m with a further £2.3m held in escrow

CAPITAL SAFETY GROUP

Value drivers through to exit



OUTLOOK

- Market conditions expected to remain challenging in 2012
  - Eurozone sovereign debt crisis remains unresolved
  - Concerns over the global macroeconomic outlook continue to prevail
  - Business confidence and consumer sentiment remain fragile
  - Corporate and buyout activity levels remain low

- However, expect buyout activity to recover in latter half of H2
  - Managers will seek to deploy capital in advance of approaching fund expiry dates

- Our focus remains on preserving and increasing value in the portfolio
  - Help companies define and execute growth strategies

Summary

Malcolm Fallen

Summary

- Transparent model for delivering value with three key performance metrics
  – NAV
  – Net debt
  – Outstanding commitments

- Return of cash driven by realisation activity of manager

- Return of cash expected to be completed by 2016, although current environment may slow realisations in the near term

Supplementary information
Top ten investments

Ten largest investments

The ten largest investments represent 94% of the portfolio, with the Candover 2001 Fund Carried Interest representing a further 4%

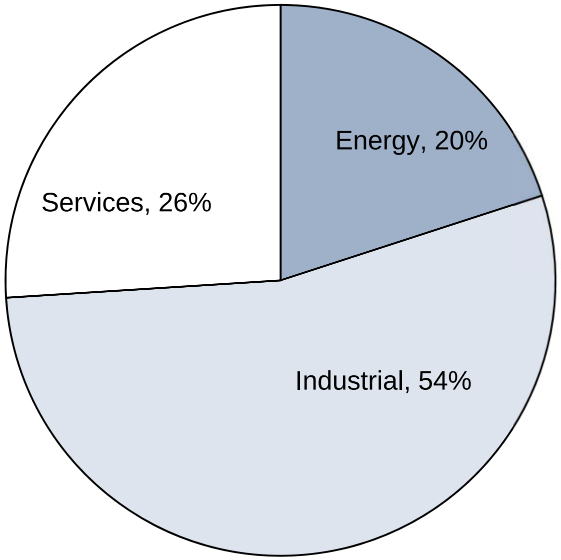
£m	Date of acquisition	Residual cost	Value at 31.12.10*	Valuation movement excl. FX	Valuation movement attributable to FX	Value at 31.12.11	Valuation movement (pence per share)	% of net assets
Stork	Jan 08	34.7	43.6	-	(1.1)	42.5	(5)	27.1
Parques Reunidos	Mar 07	30.0	37.3	5.6	(0.9)	42.0	22	26.8
Expro International	Jul 08	92.0	63.4	(25.3)	(0.3)	37.8	(117)	24.1
Capital Safety Group	Jun 07	9.3	14.2	15.1	(0.1)	29.2	69	18.6
Technogym	Aug 08	29.2	11.4	2.5	(0.3)	13.6	10	8.7
Qioptiq	Dec 05	6.8	12.1	(1.3)	(0.3)	10.5	(7)	6.7
Innovia Films	Sep 04	2.7	4.8	-	(0.2)	4.6	(1)	2.9
Alma Consulting Group	Dec 07	14.9	4.5	-	(0.1)	4.4	(1)	2.8
Hilding Anders	Dec 06	24.3	3.9	-	(0.1)	3.8	(1)	2.4
DX Group	Sep 06	21.4	1.6	1.1	-	2.7	5	1.7

* Valuation at 31st December 2010 adjusted for additions and disposals during 2011

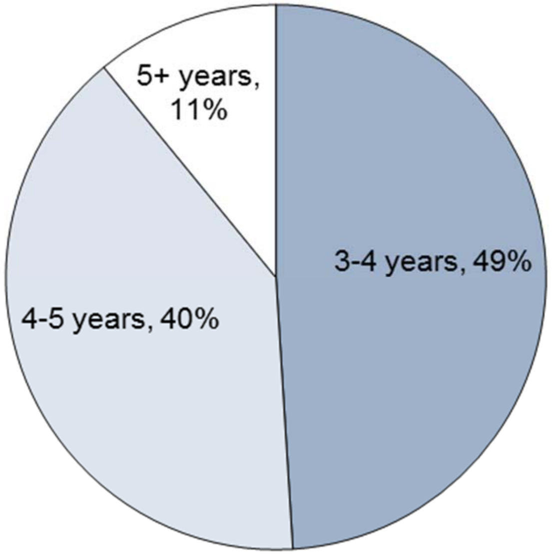
Portfolio analysis – ten largest investments

CANDOVER

Sector analysis

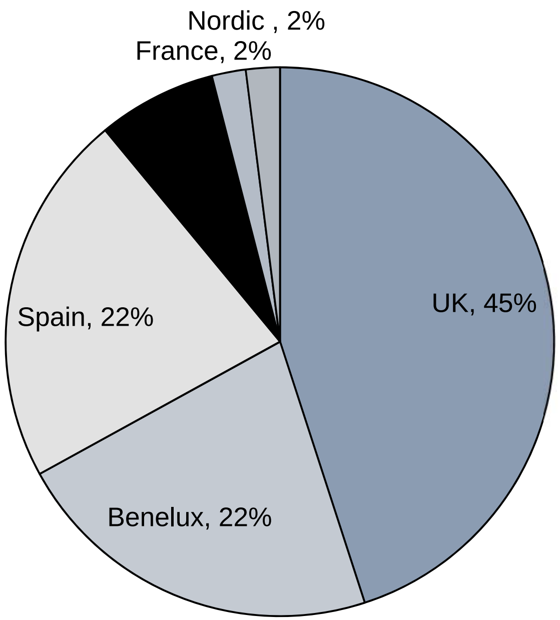


Age analysis



Portfolio analysis - ten largest investments

Geographical analysis



Valuation basis