



Candover Investments plc

Interim results to 30th June 2013

August 2013

Agenda



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



Overview & financial results

Malcolm Fallen

Update



- Portfolio value uplift has more than offset the ongoing costs of managing the run off:
 - Portfolio up 8%
 - NAV up 19 pence per share (3%)
- Expro recovery in full swing leading to write-up offset by write down of Stork due to weak trading at STS
- Currency movements favourable due to weak GBP against US\$ and Euro
- No investment or realisation activity in H1:
 - €5.7 million follow on invested in H2 to support Parques and Stork
 - All remaining follow-on commitments have expired
- Progressing solution to mitigate potential impact of delays in realisation projections on October 2014 note repayment

2013 H1 headlines



| <i>Key financials</i> | <i>June 2012</i> | <i>Dec 2012</i> | <i>June 2013</i> | <i>Status</i> |
|------------------------------|------------------|-----------------|------------------|---------------|
| NAV | 642p | 608p | 627p | |
| Change in NAV v prior period | | -5% | +3% | |
| Net debt | £16m | £27m | £38m | |
| LTV ratio | 11% | 18% | 24% | |
| Outstanding commitments | £14m | £6m | £6m | |
| Concentration (% portfolio) | | | | |
| - Top 3 | 67% | 69% | 68% | |

Net assets – up 3%



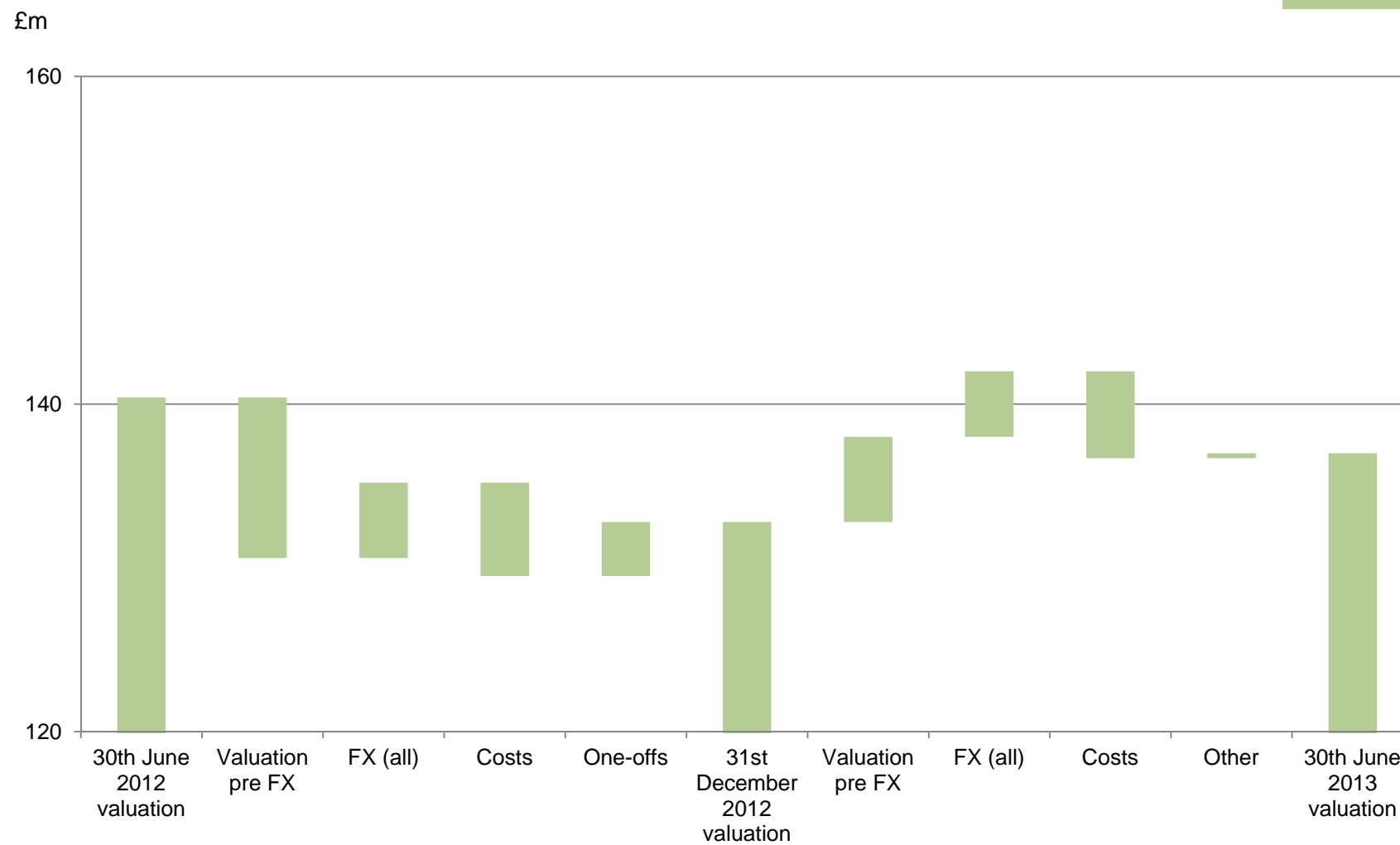
| | £m | p |
|--|--------------|------------|
| OPENING NAV | 132.8 | 608 |
| Revaluation of investments | | |
| • Gain on financial instruments and other income | 5.2 | 24 |
| • Currency impact on unrealised investments | 7.5 | 34 |
| | <u>12.7</u> | |
| Impact of carrying costs | | |
| • Recurring administrative expenses | (2.3) | (10) |
| • Finance costs | (3.0) | (14) |
| • Other | 0.3 | 1 |
| | <u>(5.0)</u> | |
| • Restatement of cash and cash equivalents | 3.6 | 16 |
| • Translation of loan and fair value hedge adjustment balances | (7.1) | (32) |
| | <u>(3.5)</u> | |
| CLOSING NAV | 137.0 | 627 |

Investments – up 8%



| £m | | |
|--|-------|--------------|
| Opening investment value (including accrued income) | | 163.5 |
| Disposals at valuation | | - |
| Additions at cost | | - |
| | | <hr/> |
| | | 163.5 |
| Revaluation of investments: | | |
| Valuation movements before currency | 5.2 | |
| Currency impact on unrealised investments | 7.5 | |
| | <hr/> | |
| | | 12.7 |
| | | <hr/> |
| Closing investment value (including accrued income) | | 176.2 |

NAV bridge – last twelve months



Net debt



| £m | June 2012 | Dec 2012 | June 2013 |
|---|--------------|--------------|--------------|
| Loans and borrowings | 157.1 | 151.0 | 156.2 |
| Fair value hedge adjustment | (9.4) | (7.0) | (5.4) |
| Deferred costs | 0.5 | 0.4 | 0.3 |
| Value of bonds (due end of 2014) | 148.2 | 144.4 | 151.1 |
| Cash | (131.7) | (117.7) | (113.2) |
| Net debt | 16.5 | 26.7 | 37.9 |
| LTV ratio | 11% | 18% | 24% |

Cash flow statement



£m

| | |
|---|--------------|
| Cash flow from operations | (3.1) |
| Interest | (5.0) |
| Net cash outflow from operating activities | (8.1) |
| Purchase of financial investments | - |
| Sale of financial investments | - |
| Net cash inflow from investing activities | - |
| Repayment of debt | - |
| Decrease in cash and cash equivalents | (8.1) |
| Opening cash and cash equivalents | 117.7 |
| Effect of FX on cash and cash equivalents | 3.6 |
| Closing cash and cash equivalents | 113.2 |



Fund & portfolio update

John Arney

CANDOVER FUNDS



H1 Summary

- > Candover's portfolio increased in value by 8% during H1 2013

- > Overall, the Funds declined by 1% to €1.867bn (in constant currency) compared to valuation at 31st December due to downward valuation of STS
 - 2001 Fund valuations increased by 4%
 - 2005 Fund valuations decreased by 6%
 - 2008 Fund valuations increased by 30%

- > Excluding STS, the Funds grew 9% driven by strong performances from Expro, Innovia and GET

- > Portfolio trading during H1:
 - LTM EBITDA increased by 3.0% since December 2012 but muted by STS performance
 - Excluding STS growth was 7.7% with Expro and Innovia particularly strong

- > H2 focus will be on maximising growth, as well as continuing to prepare and execute realisations, with a near term focus on the three remaining 2001 Fund investments

TOP 4 INVESTMENTS



H1 Trading Highlights

Over 75% of the portfolio's value resides in the 4 largest investments:

> **Expro International**

- Strong trading continues with EBITDA to year ended March 2013 up 45% and revenues up 20%
- Successfully tapped bond for \$100 million in July
- Valuation uplift of €92 million (+30%)

> **Parques Reunidos**

- H1 trading suppressed by poor weather conditions in Europe and East Coast of U.S.
- Positive results from cost cutting programme
- Valuation unchanged

TOP 4 INVESTMENTS



H1 Trading Highlights

> **Stork (comprising Stork Technical Services and Fokker Technologies)**

- Marked down by 25% to reflect the weak H1 trading performance at STS

> **Stork Technical Services (STS)**

- Revenues 5% ahead during the period
- EBITDA weaker as a result of poor market conditions and one-off operational issues
- New CEO appointed 1st July to drive rapid improvement in the performance of STS
- Adverse impact on valuation

> **Fokker Technologies**

- Traded in line with expectations
- Strong forward order book
- No impact on valuation

> **Technogym**

- Traded in line with expectations
- Valuation unchanged



Summary

Malcolm Fallen

Summary



- Signs of stability and improvement in the portfolio other than Stork's STS division
- Future value creation remains dependent on successful execution of Arle realisation strategy with critical components being:
 - Arle delivering a recovery in the portfolio values driven by business fundamentals: earnings growth & cash generation
 - Establishing clear paths to exit for each individual investment
- Continued FX volatility will create swings in NAV; NAV mix 85/15 €/GBP with USD position neutral
- Progressing solutions to mitigate potential repayment exposures on US PP Notes



Appendices

Ten largest investments



| £m | Date of acquisition | Residual cost | Value at ¹ 31.12.12 | Valuation movement excl. FX | Valuation movement attributable to FX | Value at 30.6.13 | Valuation movement (pence per share) | % of net assets |
|---------------------|---------------------|---------------|--------------------------------|-----------------------------|---------------------------------------|------------------|--------------------------------------|-----------------|
| Expro International | Jul 08 | 92.1 | 31.6 | 13.9 | 1.9 | 47.4 | 72 | 34.5 |
| Parques Reunidos | Mar 07 | 30.0 | 34.8 | - | 1.6 | 36.4 | 7 | 26.6 |
| Stork | Jan 08 | 42.5 | 46.0 | (12.0) | 2.0 | 36.0 | (45) | 26.3 |
| Technogym | Aug 08 | 29.2 | 16.0 | - | 0.6 | 16.6 | 3 | 12.1 |
| Qioptiq | Dec 05 | 6.8 | 8.2 | - | 0.3 | 8.5 | 2 | 6.2 |
| Innovia | Sep 04 | 2.7 | 6.6 | 1.5 | 0.4 | 8.5 | 8 | 6.1 |
| Get | Jan 06 | 1.7 | 3.6 | 0.8 | 0.2 | 4.6 | 5 | 3.3 |
| Hilding Anders | Dec 06 | 24.3 | 3.8 | - | - | 3.8 | 1 | 2.7 |
| DX Group | Sep 06 | 21.4 | 2.7 | - | - | 2.7 | - | 2.0 |
| ONO | Nov 05 | 2.2 | 1.7 | 0.2 | 0.2 | 2.1 | 1 | 1.5 |

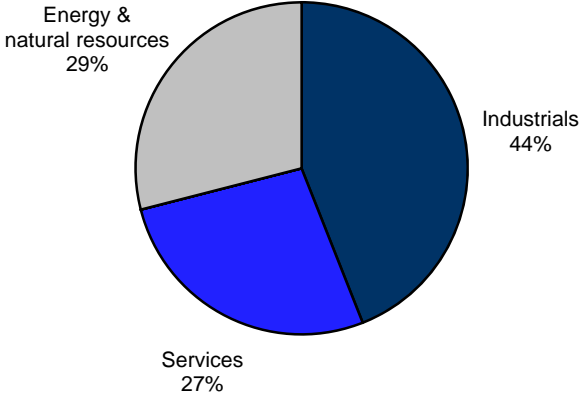
The ten largest investments represent 94.8% of the portfolio, with the 2001 Fund Carried Interest representing a further 4.9%

¹ Adjusted for follow-on investments at cost

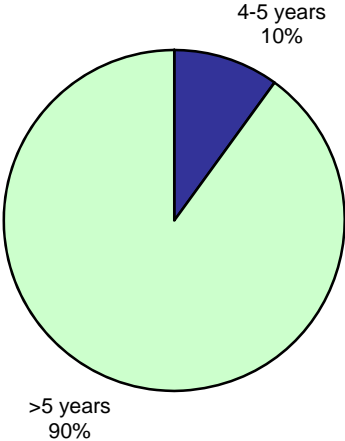
Portfolio analysis – ten largest investments



Sector analysis



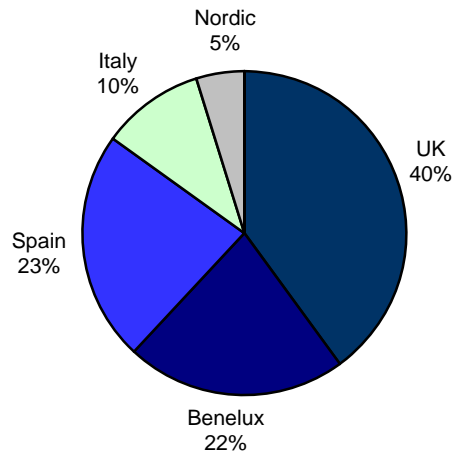
Age analysis



Portfolio analysis - ten largest investments



Geographical analysis



Valuation basis

