



Candover Investments plc

Interim results to 30th June 2015

August 2015

Agenda



- Overview & financial results – Malcolm Fallen
- Fund & portfolio update – Arle Capital Partners
- Summary – Malcolm Fallen



Overview & financial results

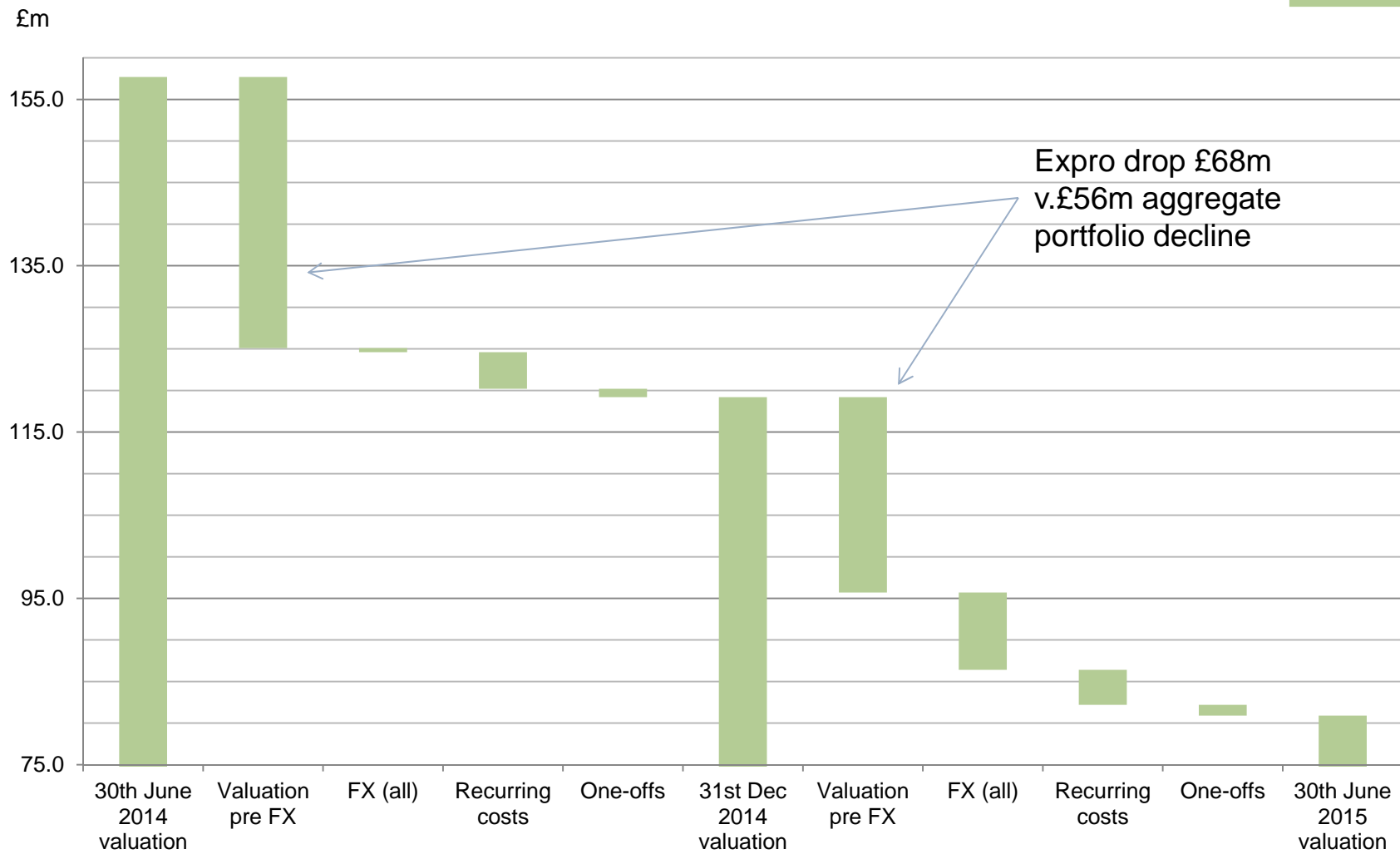
Malcolm Fallen

Overview



- H1 disappointing as the continued weakness in the oil sector materially impacted Expro with NAV per share at 370p down 32% (175p) as portfolio declined by 150p per share
- Expro written down by 154p on constant currency basis, following H2 2014 write down of 159p
- Uplifts on Parques (26p) and Technogym (28p)
- Adverse FX impact of 43p following appreciation of Sterling v. €
- Portfolio trading, excluding Expro, improved with LTM EBITDA growth of 8% per annum; including Expro, portfolio LTM EBITDA down 2%
- Net debt £32.3m (31/12/14: £27.3m). Partial realisation of Stork BV expected to deliver c €9m inflow in Q4
- Successful refinancing ahead of maturity of existing debt in December 2015

NAV bridge – last twelve months



Refinancing



- The Company raised €52 million from facilities provided by 17 Capital, entering into the agreement on 13th July 2015
- On 13th August 2015 the facility was drawn and the proceeds, along with Candover's surplus cash balances, were used to repay the US PP
- The key features of the facility are:
 - 5 year term extendable at Candover's request
 - PiK 13% coupon; with minimum returns guaranteed between 1.15x and 1.4x money invested
 - No maintenance covenants and no security
 - First £21.8 million of realisation proceeds can be returned to shareholders, subject to an asset cover test at the time
 - All subsequent realisation proceeds used to pay down debt



Portfolio update

Arle Capital Partners

H1 2015 Summary

- > H1 2015 in summary:
 - Value of Candover Funds decreased by 4% vs December 2014
 - Expro -38%, Parques Reunidos +16%, Technogym +40%
 - Revenues and earnings of the portfolio excluding Expro increased by 3.2% and 8.0% respectively in the six months to 30 June 2015
 - Strong, consistent trading at Stork, Technogym, Parques Reunidos
 - Including Expro, revenues were flat and earnings down by 2.0% over the period
 - Expro continued to suffer from the downturn in the oil price. Successfully executed mezzanine Amend & Extend and injected new liquidity into the business
 - No realisations in the period. Announced sale of Fokker to GKN at beginning of H2
 - New CEO appointed at Hilding Anders.
- > Candover's investment portfolio decreased in value by £32.6m, a decrease of 24% since December 2014
 - The difference was due to the dilution suffered on Candover's investment in Expro due to the inability to follow-on alongside the 2008 Fund and negative FX movements as Candover reports in GBP.

PORTFOLIO OVERVIEW



Candover's investments:

> **Expro International**

- Trading in H1 has suffered as a result of the sustained downturn in the oil price
- Some areas of positive growth in the Middle East and North Africa on the back of contracts awarded at the end of the last fiscal year and in the PTI business
- In June, a mezzanine A&E was successfully completed, with \$334 million of new equity funding, to partially repay borrowings and provide \$51 million of additional liquidity for the company
- Candover's Expro valuation reduced by £33.6 million or 154p per share. Negative currency effects of £0.6 million (total decrease of 156p per share)
- Whilst the value of the Candover Funds has decreased by 38% over the period, this is amplified for Candover Investments plc to a 78% decline because of the cumulative dilution suffered from not following on its investment made alongside the Candover 2008 Fund since January 2010.

PORTFOLIO OVERVIEW



Candover's investments continued

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

- Combined investment was written up by £0.3 million before negative foreign currency movements of £2.9 million (total: -12.0p per share)

> **Stork Technical Services**

- H1 revenue growth of 5.9% (€745 million) and earnings growth of €8.7 million to €43.5 million vs H1 2014. This marked the sixth consecutive quarter of earnings growth.
- Stork's focus on maintenance, modifications and asset integrity services, has resulted in resilient performance despite volatile market conditions
- Strong performance in Stork's Industrial Services business has compensated for continued challenging market conditions in Power Services and in the UK

> **Fokker Technologies ("FT")**

- Traded well during H1 2015
- Sold for €706m in July or 10x 2014 normalised earnings
- Full, clean exit for investors
- Proceeds from the sale will retire the Fokker debt, repay debt held in Stork BV and return circa €90 million to Candover Fund investors
- Transaction due to complete in Q4

PORTFOLIO OVERVIEW



Candover's investments continued

> **Parques Reunidos**

- Strong start to the year, due to successful organic growth strategies and clement weather in Europe over peak trading periods
- Acquisition of Faunia animal park in Madrid
- Valuation uplift of £5.7 million before negative currency movements of £3.7 million (total: +9p per share).

> **Technogym**

- Traded ahead of expectations during the first half
- Valuation uplift of £6.1 million before negative foreign currency movements of £1.6 million (total: +21p per share).

> **Hilding Anders**

- Consistent trading in the first half, particularly in Russia with sales and EBITDA ahead of prior year
- However, significant depreciation of the Rouble has adversely impacted earnings
- Christer Åberg took up his new role of CEO on 1 August
- Valuation reduced by £2.0 million before negative currency movements of £0.5 million (total: - 11.0p per share).

- > Support and manage Expro through the oil cycle downturn and Hilding Anders through the Russian Rouble challenges
- > Complete the sale of Fokker to GKN plc
- > Build on growth in trading performance in majority of portfolio as a platform to achieve further exits, at the appropriate time



Summary

Malcolm Fallen

Summary



- Systemic impact of oil price decline has had further material impact on Expro and delayed prospect of its realisation in the near term
- Continued signs of recovery in the performance of the remainder of the portfolio are encouraging ahead of its realisation
- Refinancing strengthens balance sheet, removes maturity risk, hedges currency exposure to € and potentially accelerates distribution to shareholders



Appendices

Net assets – down 32%



	£m	p
OPENING NAV	119.2	545
Revaluation of investments		
• Gain on financial instruments and other income	(23.5)	(107)
• Currency impact on unrealised investments	(9.3)	(43)
	(23.4)	
Impact of carrying costs		
• Recurring administrative expenses	(1.8)	(8)
• Finance costs	(2.4)	(11)
• Other: deferred tax & non-recurring	(1.3)	(6)
	(5.5)	
Impact of currency on net debt		
• Restatement of cash and cash equivalents	(0.7)	(3)
• Translation of loan and fair value hedge adjustment balances	0.7	3
	(0.0)	
CLOSING NAV	80.9	370

Investments – down 24%



£m	
Opening investment value (including accrued income)	135.6
Additions at cost	1.9
Disposals at valuation	(1.7)
	135.8
Revaluation of investments:	
Valuation movements before currency impact	(23.5)
Currency impact on unrealised investments	(9.3)
	(32.8)
Closing investment value (including accrued income)	103.0

Net debt



£m	June 2014	Dec 2014	June 2015
Loans and borrowings	47.8	52.8	52.6
Fair value hedge adjustment	-	-	-
Deferred costs	1.5	1.1	0.5
Value of bonds (due end of 2015)	49.3	53.9	53.1
Cash	(18.9)	(26.6)	(20.8)
Net debt	30.4	27.3	32.3
LTV ratio	17%	20%	31%

Cash flow statement



£m

Cash flow from operations	(3.0)
Interest paid	(1.9)
Net cash outflow from operating activities	(4.9)
Purchase of financial investments	(1.9)
Sale of financial investments	1.7
Net cash inflow from investing activities	(0.2)
Decrease in cash and cash equivalents	(5.1)
Opening cash and cash equivalents	26.6
Effect of FX on cash and cash equivalents	(0.7)
Closing cash and cash equivalents	20.8

Candover Portfolio



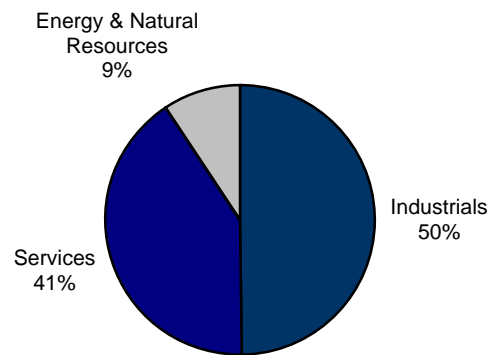
£m	Date of acquisition	Residual cost	Value at ¹ 31.12.14	Valuation movement excl. FX	Valuation movement attributable to FX	Value at 30.6.15	Valuation movement (pence per share)	% of net assets
Parques Reunidos	Mar 07	31.8	39.9	5.7	(3.7)	41.9	9	51.7
Stork	Jan 08	43.8	29.2	0.3	(2.9)	26.6	(12)	32.9
Technogym	Aug 08	29.2	17.1	6.1	(1.6)	21.6	21	26.7
Expro International	Jul 08	94.0	43.7	(33.6)	(0.6)	9.5	(156)	11.7
Hilding Anders	Dec 06	24.3	5.3	(2.0)	(0.5)	2.8	(11)	3.5

¹ Adjusted for follow on acquisition and disposal

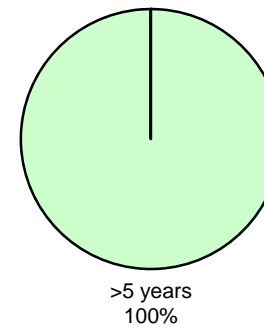
Portfolio analysis – by sector & age



Sector analysis



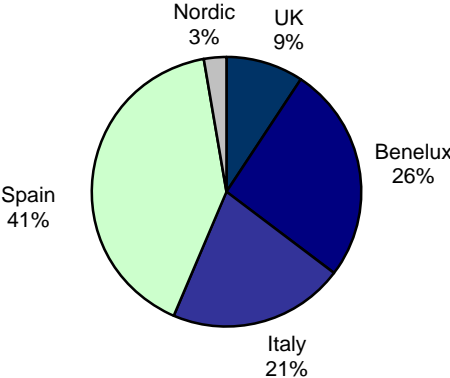
Age analysis



Portfolio analysis – by region & valuation method



Geographical analysis



Valuation basis

