Candover Investments plc

Preliminary results to 31st December 2015

February 2016

Agenda

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

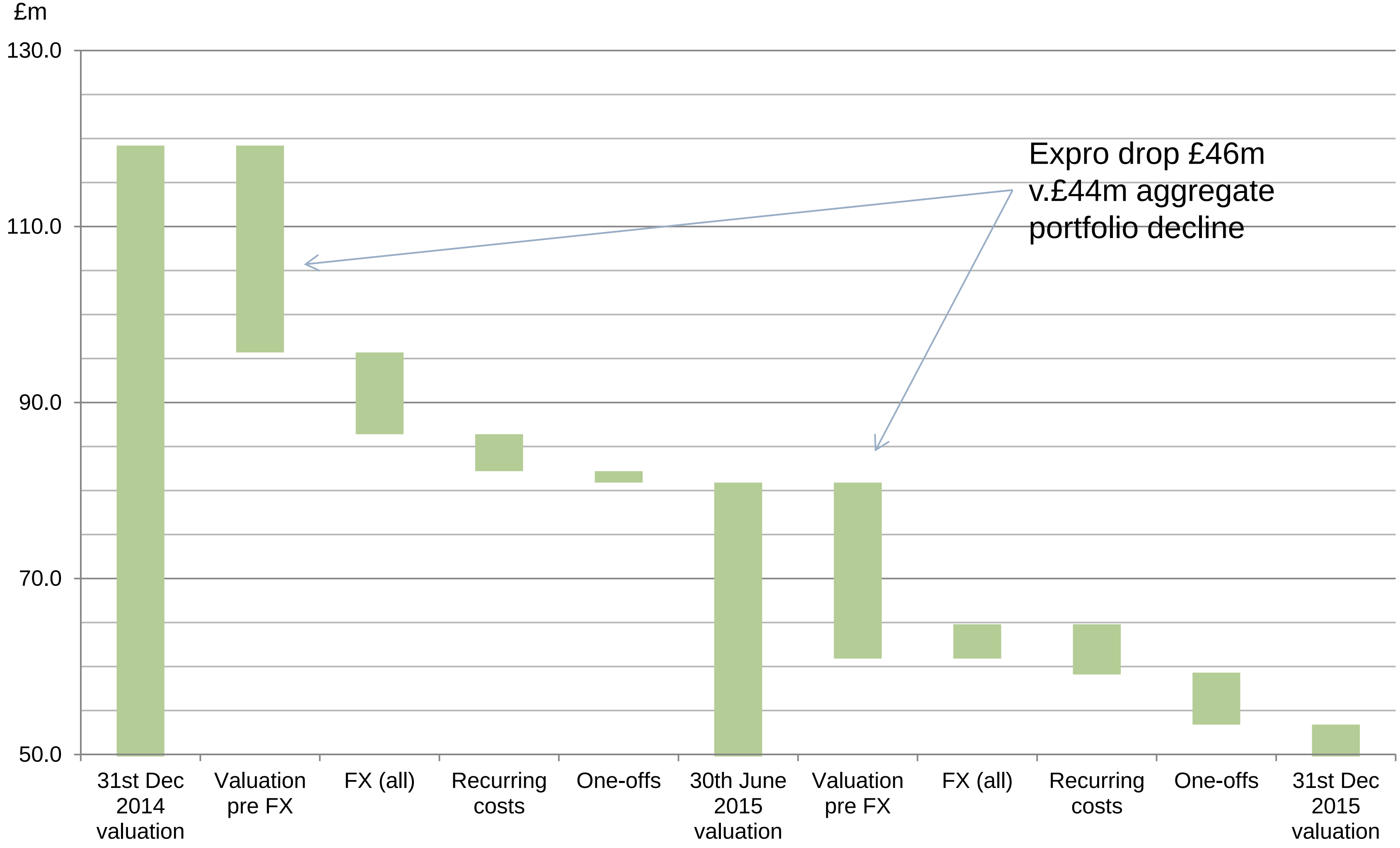
Overview

Malcolm Fallen

Overview

- Difficult and disappointing year as oil prices continued to weaken
- NAV per share at 243p down 55% as portfolio declined by 215p per share
  - Expro written down by 209p on constant currency basis, following on from H2 2014 write down of 159p, as multiples fall and EBITDA declines sharply YoY
  - Uplifts on Parques (26p) and Technogym (29p) on constant currency basis benefitting from improved trading
  - Adverse FX impact of 25p following appreciation of Sterling v. €
- Stork BV constituent businesses sold, with Fokker related proceeds of £5.9m received pre-year end
- Net debt £33.2m (31/12/14: £27.3m) with balance of Stork BV proceeds of £14.1m currently expected end of Q1 2016.
- Successful debt refinancing completed in July 2015 increases flexibility to deal with the current external uncertainty and, when possible, return cash to shareholders

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 Notes
- The key features of the facility are:
  – 5 year term extendable at Candover's request up until 2025
  – PiK 13% coupon; with minimum returns guaranteed between 1.15x and 1.4x money invested
  – Effective rate of interest set at 20.6%
  – 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

Fund & portfolio update

Arle Capital Partners

2015 Highlights

- Value of Candover Funds has been reduced by 30.4% .
- Decrease mainly due to Expro which continues to suffer alongside the rest of the energy sector from the unprecedented oil price decline.
- Strong, consistent trading from Parques Reunidos and Technogym with upward valuation movements.
- Revenues and earnings of the portfolio companies excluding Expro increased by 3.2% and 11.2% respectively.
- Realisations in 2015 included the sale of Fokker and Stork, both to industrial buyers.
- New CEO appointments at Parques Reunidos, Expro International and Hilding Anders.
- Candover's investment portfolio decreased in value by 36.3% or by £47.1 million since December 2014.

PORTFOLIO OVERVIEW

> **Parques Reunidos**

- Parques enjoyed strong trading in both Europe and the USA in 2015.
- An improved performance combined with tight cost controls resulted in another successive year of revenue and EBITDA growth.
- Some unusual and exceptional weather patterns during the year, such as the sustained summer heatwave in Southern Europe, exceptional flooding in France which resulted in the temporary closure of the Marineland site in October and heavy rain in the US over key trading periods, adversely impacted trading during some months.
- This was offset by operational improvements and the continued economic recovery in Spain which enabled the Spanish parks to trade strongly.
- On 1 February 2016, Fernando Eiroa was appointed CEO to the Group.
- The investment was written up by £5.9 million before negative foreign exchange movements of £2.4 million.

PORTFOLIO OVERVIEW

> **Stork**

- In H2 2015, Arle successfully sold the two subsidiary businesses of its Stork BV investment.
- In July 2015, Fokker Technologies was sold to GKN plc for €706 million. The transaction completed on 28th October 2015.
- In December 2015, the sale of Stork to Fluor Corporation for €695 million was announced.
- The Stork transaction is expected to complete in early 2016 following conclusion of the necessary employee consultation processes and receipt of the requisite regulatory clearances.
- The sale of both businesses will generate combined cash proceeds for Candover of c.£20.0 million compared to the value at 31 December 2014 of £30.9 million.

> **Hilding Anders**

- Reported a good overall performance for 2015 with sales and EBITDA above previous prior year and budget.
- The underlying performance has been mixed and was largely driven by strong outperformance in Russia in all sales channels during the year.
- The drop in value of the Russian Rouble in 2015, as well as mixed trading in parts of Europe, particularly in Switzerland and in the French Private Label business, had some negative effects on the overall trading.
- Hilding's retail business in China is showing positive signs of growth.
- In August 2015, Christer Aberg was appointed new CEO of the business.
- The investment was written down by £3.5 million before including negative foreign exchange movements of £0.3 million.

> **Technogym**

- Technogym enjoyed strong revenue growth of 10% and EBITDA growth of 40% in 2015 resulting from the launch of new equipment, operational efficiencies and the benefit on export activity of foreign exchange through the strength of the US Dollar against the Euro.
- In 2016, Technogym will continue to focus on delivering leading technology gym equipment to its global customer base and this will include supporting the 2016 Olympics in Rio where Technogym will be the exclusive fitness equipment supplier.
- Technogym confirmed that it is evaluating a listing on the Milan Stock Exchange and submitted a preliminary request for admission on 22 February 2016.
- The investment was written up by £6.4 million before unfavourable exchange rate movements of £1.0 million.

PORTFOLIO OVERVIEW

ARLE

> **Expro International**

- Expro continued to suffer along with the rest of the sector from unprecedented oil price decline, from a peak of over $115 during 2014 to just over $35 at 31 December 2015 and to below $30 a barrel in January 2016.
- Management has continued to focus on service delivery and winning a number of valuable new contracts whilst at the same time proactively managing its cost base to mitigate the impact of the oil sector downturn.
- Expro successfully completed an Amend & Extend in June 2015, raising $333m. The funds were used to inject new liquidity into the business, make a partial repayment of its mezzanine debt and to amend the covenant terms.
- Candover invested £2.3 million in a follow-on investment in Expro alongside the Candover 2005 Fund for the A&E.
- In February 2016, Mike Jardon appointed Chief Executive Officer.
- Expro valuation has reduced by £45.6 million before adding back currency effects of £2.0 million.

2016 Outlook

- Arle continues to work with portfolio management teams to optimise the operational and financial performance of the remaining portfolio companies and to ready them for exit.
- As and when Arle and management consider market and trading conditions to be favourable, we will seek to execute further realisations

Summary

Malcolm Fallen

Summary

- The oil price decline has had a further material adverse impact on Expro and, given its historic weighting in a concentrated portfolio, has resulted in Candover's NAV falling by £72m over the last 2 years
- Stronger performance from the remainder of the portfolio is encouraging, but the uncertain external environment may impact on the timing of realisations
- Refinancing strengthens balance sheet, removes maturity risk, hedges currency exposure to € and potentially accelerates distribution to shareholders in certain circumstances

Appendices

Net assets – down 55%

CANDOVER

	£m	p
OPENING NAV	**119.2**	**545**
Revaluation of investments		
• Gain on financial instruments and other income	(43.5)	(199)
• Currency impact on unrealised investments	(3.3)	(15)
	(46.8)	
Impact of carrying costs		
• Recurring administrative expenses	(3.5)	(16)
• Finance costs	(6.4)	(29)
• Other: deferred tax & co-investment loan impairment	(7.2)	(33)
	(17.1)	
Impact of currency on net debt		
• Restatement of cash and cash equivalents	(0.6)	(3)
• Translation of loan and fair value hedge adjustment balances	(1.5)	(7)
	(2.1)	
CLOSING NAV	**53.2**	**243**

Investments – down 36%

£m		
Opening investment value (including accrued income)		**135.6**
Additions at cost		2.3
Disposals at valuation		(8.2)
		129.7
Revaluation of investments:		
Valuation movements before currency impact	(43.8)	
Currency impact on unrealised investments	(3.3)	
		(47.1)
Closing investment value (including accrued income)		**82.6**

Net debt

£m	Dec 2014	June 2015	Dec 2015
Loans and borrowings	52.8	52.6	39.4
Deferred costs	1.1	0.5	0.3
Value of bonds (due end of 2015)	**53.9**	**53.1**	**39.7**
Cash	(26.6)	(20.8)	(6.5)
Net debt	**27.3**	**32.3**	**33.2**
LTV ratio	**20%**	**31%**	**N/a**

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 31.12.15	Valuation movement (pence per share)	% of net assets
Parques Reunidos	Mar 07	31.8	39.9	5.9	(2.4)	43.4	16	81.6
Technogym	Aug 08	29.2	17.1	6.4	(1.0)	22.5	25	42.3
Stork	Jan 08	40.6	22.7	(7.0)	(1.6)	14.1	(39)	26.5
Hilding Anders	Dec 06	24.3	5.3	(3.5)	(0.3)	1.5	(17)	2.8
Expro International	Jul 08	94.4	44.1	(45.6)	2.0	0.5	(199)	0.9

[1] Adjusted for follow on acquisition and disposal