



Graphite Enterprise

Investing in long term growth

Half year results presentation

28 September 2015

Half year results presentation

September 2015

1. Introduction
2. Performance
3. Investment activity
4. Portfolio
5. Market
6. Balance sheet
7. Conclusion

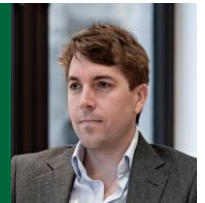
Tim Spence
Senior Partner
Finance Director



Emma Osborne
Senior Partner
Head of Fund Investment



Kane Bayliss
Partner
Fund Investment



Rod Richards
Managing Partner



1. Introduction

Graphite Enterprise has a distinctive offering in the listed private equity sector

Focused strategy

European buy-outs – mature, profitable companies – both through funds and directly

Distinctive investment style

Highly analytical approach with a focus on building long-term relationships

Highly experienced team

The senior team has over 20 years of private equity experience

Consistently strong performance record

The NAV and share price have consistently outperformed the peer group average

Strong balance sheet

Well placed to take advantage of current opportunities

Flexible approach

Portfolio construction and balance sheet management adapted to market conditions

1. Introduction

Highlights of the six months ended 31 July 2015

Net asset value per share

+3.0%

The NAV per share increased to 700p, extending its period of growth to six years.

Share price

+5.4%

The share price increased to 590p and has increased by 130% over five years.

Underlying value of the portfolio in local currencies

+7.8%

The portfolio grew strongly, driven by valuation increases and realisations.

Realisation proceeds

£73m

Proceeds remained at the very high level of the prior year with 17% of the opening portfolio being realised in the six months.

Investment in the portfolio

£33m

New investments were made selectively in competitive markets.

Dividends

£15m

The total dividend paid in June was maintained at the record level of 15.5p per share (£11.2m). An interim dividend of 5.0p per share (£3.6m) will be paid in October.

2. Performance

The NAV and share price outperformed the FTSE All-Share Index

	Jul-15	Jan-15	Total return 6 months
Net asset value per share	700.3p	695.2p	+3.0%
Share price	590.0p	575.0p	+5.4%
FTSE All-Share Index	3,653	3,622	+2.8%

- The share price has decreased by 4.6% since 31 July to 563p*
 - This was less than the Index which has fallen by 10.0% over the same period
 - The share price is up by 0.5% since 31-Jan, whereas the Index is down 6.8%
- 96% of the portfolio was valued based on June reports

*Close of business 24.09.15

2. Performance

The portfolio made good progress, increasing by 7.8% in local currencies

6 months to Jul-15	% of opening portfolio	% of opening NAV	£m
Underlying valuation gains	7.8%	6.7%	33.8
Currency	(3.1)%	(2.7)%	(13.5)
Total portfolio	4.7%	4.0%	20.3
Expenses and other		(1.2)%	(6.2)
Buy-backs		0.2%	(4.1)
Total return before dividend		3.0%	10.0
Dividend		(2.2)%	(11.2)
Total NAV movement		0.8%	(1.2)

- Sterling: euro was 1.33 at Jan-15 and 1.41 at Jul-15
 - The euro has since recovered slightly to 1.35*

*Close of business 24.09.15

2. Performance

Unrealised gains were a larger proportion of the total than in previous years

	6 months to Jul-15		Year to Jan-15	Year to Jan-14
	% of total gain	£m	%	%
Gains from realisations	33%	11.2	55%	51%
Unrealised gains	67%	22.6	45%	49%
Total portfolio	100%	33.8	100%	100%

- Gains from realisations include full exits and IPOs
- Unrealised gains include the effects of partial exits, refinancings and quoted movements post-IPO

2. Performance

Graphite Enterprise has outperformed the peer group over 3, 5 and 10 years

Years to Jul-15 ¹	1	3	5	10
Graphite Enterprise NAV growth	5%	28%	59%	122%
Peer group average NAV growth	7%	21%	50%	109%

- This performance is despite taking lower balance sheet risk than the peer group
- Short term relative performance is affected by the weightings to European or US assets
- The Company has outperformed:
 - the average of the funds-of-funds² over 3 and 5 years
 - the average of the direct PE funds³ over all periods

1. 12, 36, 60 and 121 month periods to 31 Jul 2015

2. Peer group (funds-of-funds): Aberdeen, F&C PE, HarbourVest, JPM PE, Pantheon, Princess, Private Equity Holding, SLEPET

3. Peer group (directs): Better Capital 2009 and 2012, Candover, Dunedin, Electra, HgCapital, NB Private Equity, SVG Capital
(NAV performance: 1yr 4%, 3 yrs 17%, 5 yrs 51%, 10 yrs 85%)

4. Data: total return, GBP (Morningstar, the Company)

3. Investment activity

The portfolio continued to generate a very high level of realisations



- Proceeds of £73 million are equivalent to 17% of the opening portfolio
- Full realisations accounted for £44 million of proceeds

1. Excludes proceeds from secondary sales.

2. Disposal proceeds as % of opening portfolio for Jul 2015 shown on an LTM basis.

3. Investment activity

Full realisations continue to generate significant uplifts to prior valuations¹

	Year to Jan-13	Year to Jan-14	Year to Jan-15	6 months to Jul-15
Valuation uplift	49%	36%	35%	23%
Number of full realisations	14	33	39	19
Multiple of original cost	2.7x	2.1x	2.1x	1.7x

- Investments made since the financial crisis² comprised 61% of proceeds from full realisations — They generated uplifts of 27% and a return on original cost of 2.4x
- Pre-crisis investments generated uplifts of 17% and a return of cost of 1.2x

1. From underlying manager's most recent valuation prior to any uplift related to the disposal. Will differ from uplift in current period in some instances.

2. 2009 onwards.

Case Study: NFA

In April 2015, Graphite Capital sold NFA, generating proceeds of £11.9 million for Graphite Enterprise

>2x
Multiple of cost of investment achieved on disposal

Background

- Graphite Capital acquired National Fostering Agency (“NFA”) in January 2012 in a management buy-out
- Graphite Enterprise co-invested alongside Graphite Capital Partners VII investing £8.5m in total

The Business

- Organic turnover growth was driven by new contract wins, geographical expansion and increased placement acuity
- Graphite Capital supported NFA in two acquisitions in the UK to grow market share in key target regions
- Placement numbers increased by almost 30% and care numbers by more than 30%

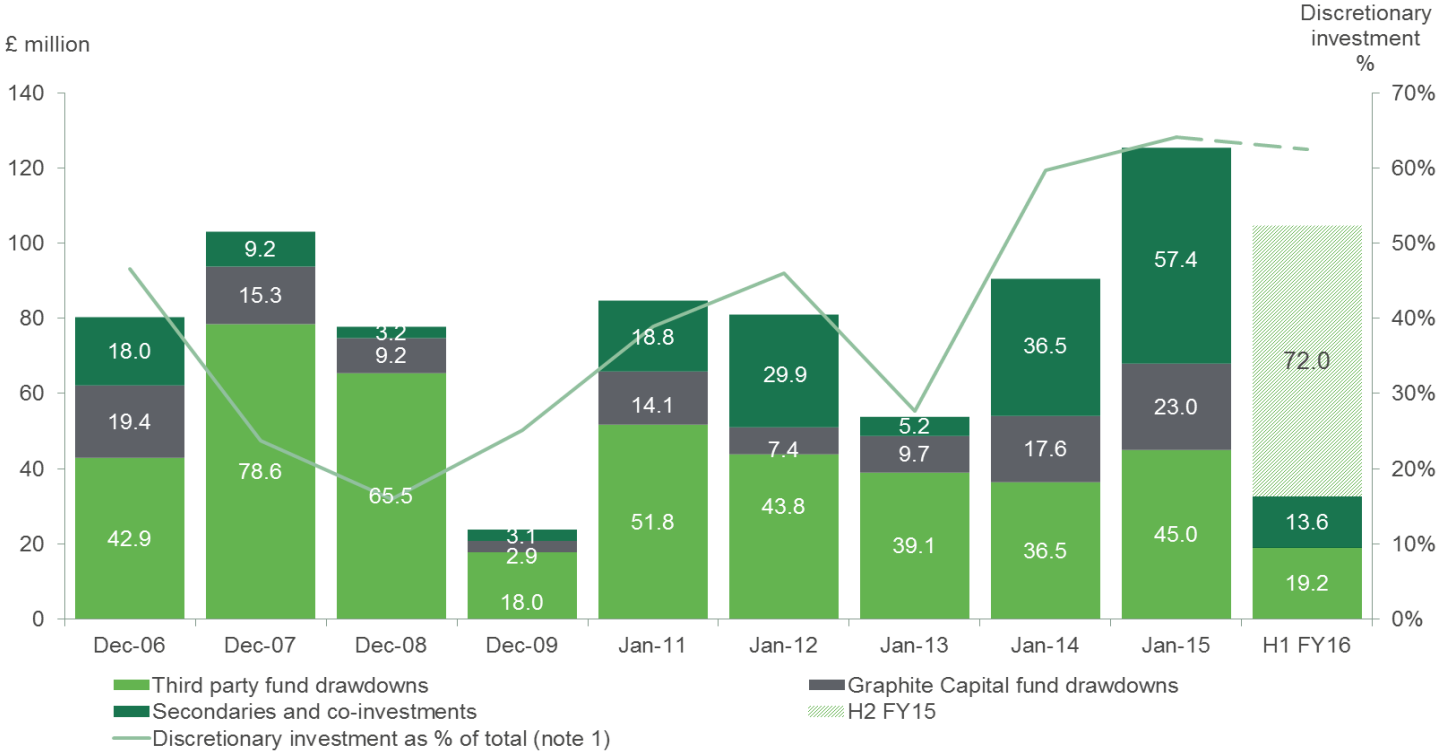
Realisation

- The business was refinanced in June 2014, returning more than half cost
- In April 2015, Graphite Capital sold NFA to Stirling Square Capital Partners, a UK-based private equity firm
- The disposal achieved a return of over two times cost and Graphite Enterprise received proceeds of £11.9m in May 2015



3. Investment activity

New investment was substantially below the exceptionally high level last year






- All types of investment were lower than last year
- No new Graphite buyouts were completed

1. Discretionary investments includes Graphite fund drawdowns, secondary purchases of fund interests and co-investments.

3. Investment activity

Our investment programme focused on primary commitments in the first half

Primary commitments £34.6m	Secondary purchase £7.1m	Co-investments £6.5m
 <p>Alcuin ICG HARWOOD CAPITAL LLP HOLLYPORT CAPITAL</p>	 <p>BC Partners</p>	 <p>PETSMART The Groucho Club</p>

- More of our preferred managers are raising funds this year than last year
- An additional primary fund and a co-investment should complete in the coming weeks



Case Study:

Alcuin Capital Partners – new primary commitment

In June 2015 Graphite Enterprise committed £9 million to The Fourth Alcuin Fund

Background

- Founding partners have been working together since 1998 at BancBoston Capital
- Alcuin established as an independent manager in 2002, with a team of 7 investment professionals based in London
- Strong track record across 20 investments made since formation

Strategy

- £150 million fund focused on UK lower mid-market
- Target EVs of £10 million to £30 million including growth capital and minority investments as well as conventional MBOs
- Relatively low entry valuations and acquisition leverage compared with the broader buy-out market

Rationale

- Investment approach has historically delivered strong returns through the cycle
- Positive experience with the manager across the broader Graphite Capital business
- Potential to generate attractive co-investment opportunities



4. Portfolio

Discretionary investments make up 54% of the portfolio¹



- 26 active third party manager relationships
- 3 Graphite Capital funds, 56 third party funds and 17 co-investments

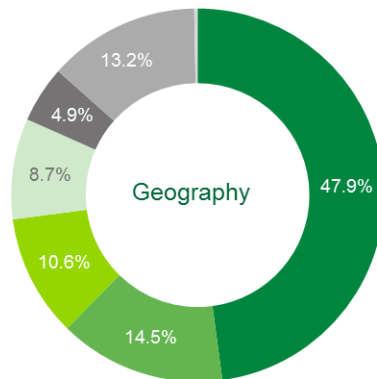
1. Discretionary investments: Graphite 24%, co-investments 16%, secondaries 14%.

2. All figures as at 31 July 2015.

4. Portfolio

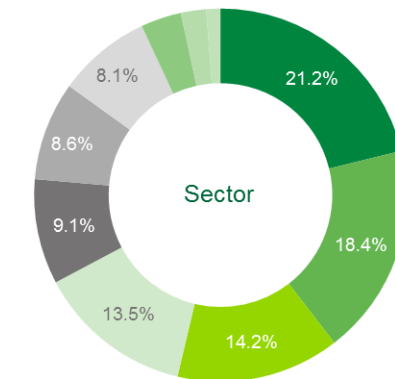
The portfolio is balanced and well diversified

- The portfolio strikes a good balance between diversification and concentration
 - Exposure to almost 400 underlying companies, across a wide range of geographies and sectors
 - The top 30 underlying companies represent 48% of the portfolio value

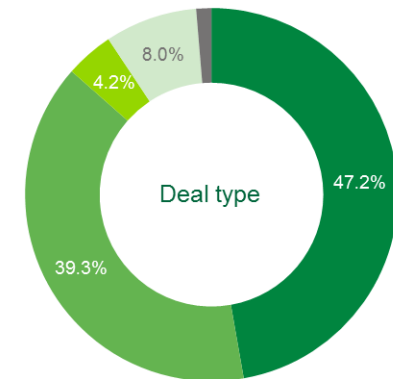


- UK
- North America
- Germany
- France
- Benelux
- Other Europe
- Rest of world

NB: Total Continental Europe 37.4%



- Business services
- Industrials
- Healthcare and education
- Consumer goods and services
- Leisure
- Financials
- Automotive supplies
- Technology and telecommunications
- Media
- Chemicals



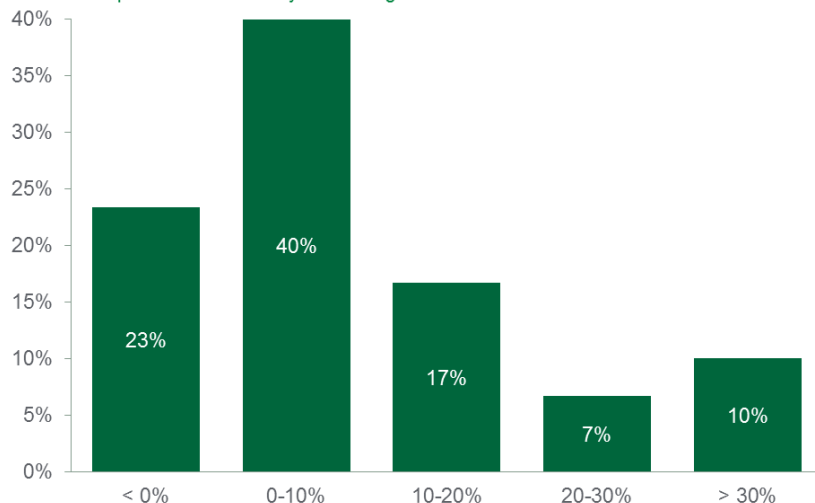
- Large buy-outs
- Mid-market buy-outs
- Small buy-outs
- Mezzanine
- Quoted

4. Portfolio

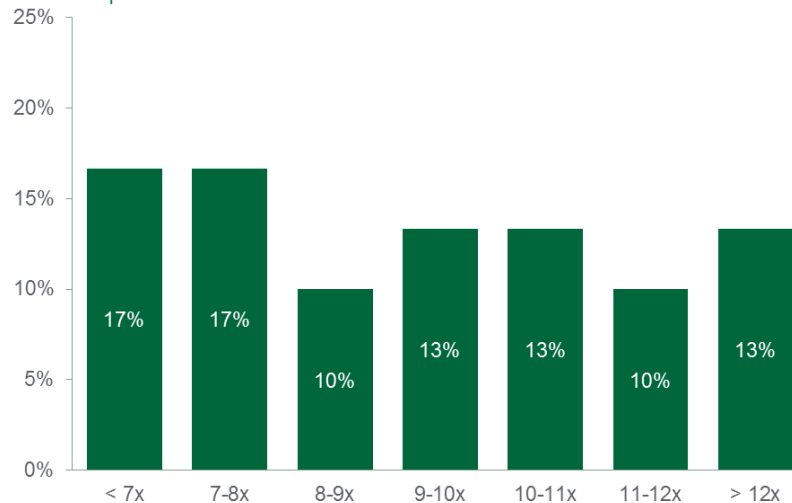
The Top 30 companies continue to perform well and are reasonably valued

- The Top 30 companies grew revenues and EBITDA by 6.1% and 7.7% respectively
 - Aggregate FTSE All-Share revenues fell by 7.4% and EBITDA fell by 8.5%

% Top 30 investments by EBITDA growth



Top 30 investments EV/EBITDA













- The Top 30 were valued on average at 9.1x EBITDA and had net debt of 3.7x EBITDA
 - Compares with 10.7x EBITDA current valuation of the FTSE All-Share

1. % of top 30 is by number of investments

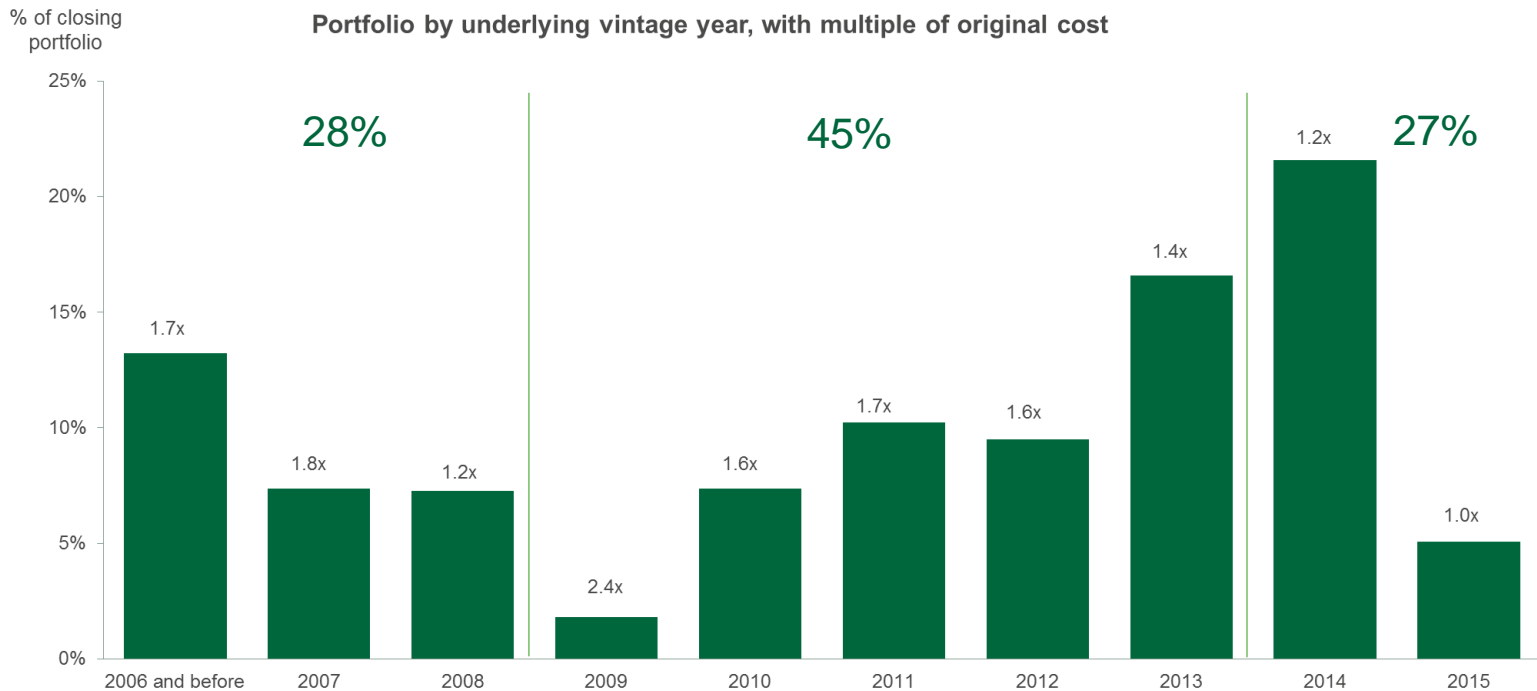
4. Portfolio

Six of the top ten holdings are managed directly by Graphite Capital

	Company	Description	Country	Manager	% of portfolio
1		Distributor and retailer of tyres	UK	Graphite	5.6%
2		Provider of home care services	UK	Graphite	3.4%
3		Provider of repair and maintenance services	UK	Graphite	3.2%
4		Provider of temporary education staff	UK	ICG	2.7%
5		Provider of recruitment services	UK	Graphite	2.1%
6		Provider of off-the-shelf e-learning content	USA	Charterhouse	2.1%
7		Provider of bus climate control systems	Germany	DBAG	1.9%
8		Manufacturer of fire lighting products	UK	Graphite	1.7%
9		Operator of premium health and fitness clubs	UK	TDR	1.7%
10		Manufacturer of automotive refinishing products	UK	Graphite	1.6%
					<u>26.0%</u>

4. Portfolio

The portfolio is valued at 1.5x cost and its average age is 4 years



- There is potential for considerable value growth as the portfolio matures
- Almost half of the portfolio is in the vintages we expect to generate the most near-term upside

1. Multiples of cost include amounts realised by current portfolio companies of 0.4 times and reflect managers' gross valuations. Weighted by value at 31-Jul.

5. Market

Although activity remains high, valuations and leverage appear to have plateaued

European buy-out market

- Excluding small buy-outs, the market remains active (LTM as at Jun 2015 vs 2014)
 - Europe ex UK >€50m EV: volumes +15% and value +17%
 - UK deals >€50m EV: volumes +10% and value +36%
- Although remaining high at just under 10x EBITDA, average valuations appear to have plateaued
 - c. 35% of buy-outs were completed at 10x or greater (vs nearly 50% in 2014)
 - An increase to 11x EBITDA for €1bn+ buy-outs (vs 10x in 2014) was offset by small decreases in other segments of the market
- Debt levels also appear to have plateaued at just under 5x EBITDA (vs just over 5x in 2014)
 - Buy-outs featuring leverage at 6x or more reduced to c. 15% (vs 20% in 2014)
 - Since 2013, “covenant-lite” issuance has steadily increased (>40% now vs 10% at the 2007 peak)

5. Market

The fundraising and secondary market environments remain positive

Fundraising

- The amount raised by European buy-out funds in H1 2015 was strong
 - €21bn vs €18bn in H1 2014 and €12bn in H2 2014
- The number of funds raised was higher (31 vs 20 in H1 2014 and 24 in H2 2014)
- Funds of more than €1bn in size collectively raised slightly more than a year ago
- Fundraising conditions for smaller funds generally appear to be improving

Secondary market

- At \$15bn in H1 2015, total secondary market volumes remain strong
 - Although, \$16bn market volume in H1 2014 increased to \$26bn in H2 2014
- Average prices have continued at c. 95% of NAV
- Graphite Enterprise operates in a smaller part of the market with no reliable data
 - High distributions are still reducing vendors' propensity to transact
 - Opportunistic sales are more likely if NAV or a premium can be achieved

6. Balance sheet

Strong portfolio inflows have led to an increase in cash balances

	Jul-15 £m	Jan-15 £m	Jul-15 %	Jan-15 %
Investments	411	432	80%	84%
Net current assets	104	85	20%	16%
Total assets less current liabilities	515	517	100%	100%
Outstanding commitments	249	234		
Undrawn bank facility ¹	94	96		
Total liquidity ²	195	186		
Overcommitment ³	54	48		
Overcommitment %	11%	9%		

- £4.1m of share buy-backs have been completed
- £11.2 million was returned to shareholders through the dividend

1. £50.m and €61.7m translated at balance sheet date. Facility remains undrawn.

2. Undrawn facility plus cash.

3. Outstanding commitments less total liquidity.

6. Balance sheet

We have announced an interim dividend and share buy-backs will continue

- Realisations are expected to remain high
 - A number of exits have been completed or announced
- Secondaries are highly priced and co-investments are in high demand
 - It is important to maintain pricing discipline and not to dilute the quality of the portfolio
- Fund drawdowns have been slower, but the market remains active
 - We expect drawdowns of £50-70m per annum
- The Company's first interim dividend of 5.0p per share (£3.6m) will be paid in October
- We will continue to use share buy-backs to return cash to shareholders

7. Conclusion

Graphite Enterprise is well positioned to grow further

- The environment for realisations remains favourable and managers will be seeking exits
 - The post-crisis vintages are expected to drive performance
- The market for new investment remains challenging
 - Experienced managers should be able to select investments which justify high valuations
 - Managers control the pace of investment
- The portfolio continues to perform well
 - The Top 30 companies grew EBITDA in the 12 months to Jun-15 by 8%
 - The performance of more recent vintages is encouraging
- The performance of the Top 30 is stronger than the FTSE All-Share and its valuation is lower¹:

	Top 30	FTSE All-Share
EBITDA growth 12 months to 30-Jun-15	7.7%	(8.5)%
Implied EBITDA multiple at 24-Sep-15	7.8x	10.7x

Further Information

The Graphite Enterprise Team



Rod Richards
Managing Partner,
Investment committee member

29 years' PE experience. Joined in 1986. Has led both the buy-out and fund investment businesses for 15 years. Degree in PPE from Oxford, MBA from INSEAD.



Andy Gray
Senior Partner,
Investment committee member

23 years' PE experience. Joined in 1992. Joint head of direct investment team. Previously at Morgan Grenfell Development Capital. Degree in Economics from Stirling, MBA from Warwick.



Emma Osborne
Senior Partner,
Head of Fund Investment

20 years' PE experience. Joined in 2004. Previously at Merrill Lynch (funds and co-investments), Morgan Grenfell PE (direct buy-out) and RBS (Mezzanine). Qualified as CA with Coopers & Lybrand. Degree in Economics and Politics from Bristol.



Tim Spence
Senior Partner,
Finance Director

Responsible for investor relations for Graphite Enterprise. Joined in 2005. Previously at Deloitte (audit) where qualified as a chartered accountant. Degree in Mathematics from Oxford.



Kane Bayliss
Partner,
Fund investment

Joined buy-out team in 2007. Previously at Terra Firma (direct buy-outs), Merrill Lynch (M&A) and Allens (solicitor). Degree in Law from Bond University (Australia) and MBA from INSEAD. Moved to fund team in January 2014.



Fiona Bell
Investment Director,
Fund investment

Joined in 2009. Previously at KPMG (audit) and JP Morgan Cazenove (corporate broking). Degree in Experimental Psychology from Oxford.



Andrea Fernandez
Investment Director,
Fund investment

Joined in 2011. Previously at Auda Alternative Investments (funds and co-investments), Lehman Brothers/Barclays Capital (equity capital markets). MBA from INSEAD. Degree in Finance and Entrepreneurship from Babson.



Colm Walsh
Investment Director,
Fund investment

Joined in 2010. Previously at Terra Firma Capital Partners (finance) and Deloitte (audit). Degree in Economics from the LSE and is a CFA charterholder.

Useful information

Structure: Company registered in England and Wales
Investment trust tax status
Registered company number: 01571089

Ticker: GPE.LN
ISIN: GB0003292009
SEDOL: 0329200

Listing: Premium London listing Website: www.graphite-enterprise.com

Broker: J.P.Morgan Cazenove Angus Wilton (sales): + 44 (0) 20 7155 8122

Manager: Graphite Capital Management LLP

Authorised and regulated by the Financial Conduct Authority under the Alternative Investment Fund Manager Directive

Contacts: Tim Spence + 44 (0) 20 7825 5358 tspence@graphitecapital.com
Emma Osborne + 44 (0) 20 7825 5357 eosborne@graphitecapital.com
Kane Bayliss + 44 (0) 20 7825 5332 kbayliss@graphitecapital.com

Graphite Enterprise is a founder member of LPEQ, the international industry association of listed private equity companies. www.lpeq.com



Graphite Capital supports Buttle UK



Legal notice

What this document is for

This document has been prepared by Graphite Capital Management LLP (“**Graphite Capital**”) as manager of Graphite Enterprise Trust PLC (“**Graphite Enterprise**”). The information and any views contained in this document are provided for general information only. It is not intended to be a comprehensive account of Graphite Enterprise's activities and investment record nor has it been prepared for any other purpose. The information contained in this document is not intended to make any offer, inducement, invitation or commitment to purchase, subscribe to, provide or sell any securities, service or product or to provide any recommendations on which users of this document should rely for financial, securities, investment, legal, tax or other advice or to take any decision.

Scope of use

Graphite Enterprise and/or its licensors/Graphite Capital own all intellectual property rights in this document. You are invited to view, use, and copy small portions of the contents of this document for your informational, non-commercial use only, provided you also retain and do not delete any copyright, trademark and other proprietary notices contained in such content. You may not modify, publicly display, distribute or show in public this document or any portion thereof without Graphite Enterprise's prior written permission.

Risk considerations

You should remember that the value of investments, and the income from them, may go down as well as up, and is not guaranteed, and investors may not get back the amount of money invested. Past performance cannot be relied on as a guide to future performance or returns. Expressions and opinions in this document, may be subject to change without notice. Affiliates, directors, officers and/or employees of Graphite Enterprise may have holdings in Graphite Enterprise investment products or may otherwise be interested in transactions effected in investments mentioned in this document.

Accuracy of information

Although reasonable care has been taken to ensure that the information contained within this document is accurate at the time of publication, no representation or promise (including liability towards third-parties), expressed or implied, is made as to its accuracy or completeness or fitness for any purpose by Graphite Enterprise, or its subsidiaries or contractual partners. Graphite Enterprise, Graphite Capital or their subsidiaries or contractual partners will not be liable for any direct, indirect, incidental, special or consequential loss or damages (therefore including any loss whether or not it was in the contemplation of the parties) caused by reliance on this information or for the risks inherent in the financial markets. To the maximum extent permitted by applicable law and regulatory requirements, Graphite Enterprise, Graphite Capital and their subsidiaries or contractual partners specifically disclaim any liability for errors, inaccuracies or omissions in this document and for any loss or damage resulting from its use.

Forward-Looking Statements

This document contains certain forward-looking statements that are not purely historical in nature. Such information may include, for example, projections, forecasts and estimates of return performance. The forward-looking information contained herein is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein). Actual events or conditions are unlikely to be consistent with, and may differ materially from, those assumed. In addition, not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results will vary and the variations may be material and adverse.

Sales restrictions

The distribution of this document in certain jurisdictions is likely to be restricted by law. The information in this document does not constitute either an offer to sell or a solicitation or an offer to buy in a country in which this type of offer or solicitation is unlawful, or in which a person making such an offer or solicitation does not hold the necessary authorisation to do so, or at all. Accordingly, persons viewing the information in this document are responsible themselves for ascertaining the legal requirements which would affect their acquisition of any investment, including any foreign exchange control requirements.