

Q3 Update

For the period to 31 October 2020

Strong performance delivered by actively constructed portfolio

Highlights

■ Portfolio performance driving NAV growth

- Strong underlying investment gains resulted in +12.1% local currency portfolio return in the quarter; +12.5% sterling return
- High Conviction Investments experienced strong local currency returns of +17.6% during the quarter, Third Party Funds generated +7.6% local currency returns
- NAV per share of 1,243.0p; +10.7% total return over the quarter, +9.6% total return over the last nine months

■ Realisations at significant uplifts to carrying value

- Substantial proceeds from realisations and secondary sales of £72m in the quarter, including the realisation of the Roompot co-investment alongside PAI VI
- Total proceeds over the last nine months of £166m and a further £42m of undrawn commitments released
 - Realisations generated proceeds of £94m from 22 full exits; 40% uplift to carrying value; 2.4x multiple to cost, in line with recent historical trend
 - Secondary sales generated proceeds of £72m proceeds over nine months and released £42m of undrawn commitments

■ Continued investment activity across High Conviction Investments and Third Party Funds

- Robust deployment in the quarter of £30m; 42% invested into High Conviction Investments
- High Conviction Investments increased over the last nine months from 41% to 46% of portfolio
- Three Third Party Funds commitments made in the quarter to top-tier managers
- Momentum has continued since period end, with a healthy pipeline of High Conviction Investments and Third Party Funds

■ Quarterly dividend of 5p per share

- Dividends for the nine months total 15p per share

Performance to 31 October 2020	3 months	9 months	1 year	3 years	5 years	10 years
NAV per share (total return)	+10.7%	+9.6%	+11.1%	+41.2%	+97.0%	+202.5%
Share price (total return)	+4.2%	-13.4%	-9.8%	+6.2%	+50.9%	+237.4%
FTSE All-Share Index (total return)	-3.2%	-20.4%	-18.6%	-14.4%	+8.9%	+53.7%

Oliver Gardey, Head of Private Equity Fund Investments, ICG, commented:

“We were extremely pleased with the performance we delivered in this strong third quarter. The significant returns delivered across the portfolio demonstrate the benefits of our differentiated strategy of actively constructing a portfolio of investments with defensive growth characteristics. The strength of this portfolio construction is underlined by the strong performance of our High Conviction Investments and Third Party Funds.

“We continued to source attractive investment opportunities across our High Conviction Investments and Third Party Funds. Our portfolio is well diversified by sector and geography, well positioned in this time of uncertainty, and we continued to enjoy good momentum across the business after the end of this reporting period. I am confident that we are extremely well placed to take advantage of a growing investment pipeline and will continue to deliver significant shareholder value over the long term.”

Business review

Strong performance across the portfolio

- Investment portfolio valued at £818m¹
 - +12.1% local currency portfolio return for the quarter; +12.5% sterling return
 - +7.9% local currency portfolio return for the first nine months; +11.9% sterling return
- High Conviction Investments delivered local currency returns of +17.6% in the quarter, are now contributing £378m to reported NAV, and represents 46% of the total portfolio value (31 July 2020: 44%)
- Third Party Funds delivered local currency returns of +7.6% the quarter and is now contributing £440m to reported NAV
- In line with our strategic objectives, we increased the weighting towards the US in our portfolio during the quarter, from 35% to 39%. This was partially driven by the strength of the performance of a number of our Top 30 investments (in particular Telos, Leaf Home Solutions and PetSmart) and partially by investments made in US companies

Strong realisations at significant uplift to portfolio value

- 8 full realisations in the quarter; £55m of proceeds received
 - Cash proceeds for the quarter include the realisation of the Roompot co-investment alongside PAI VI
- 22 full realisations in the first nine months of the financial year; £94m of proceeds received
 - Realisations at a 40% uplift to carrying value; 2.4x multiple of cost
- Secondary sales in the first nine months generated £72m of proceeds and released £42m of undrawn commitments

Continued momentum in investment activity

- £30m of new investment in the quarter, taking total to £82m for the nine months
 - High Conviction Investments represented 42% of capital deployed in the quarter
- Two co-investments made during the quarter
 - \$5m (£4m) completed in Visma alongside Hg in the world’s largest ever software buyout
 - €7m (£6m) committed to Curium Pharma, a leading provider of radiopharmaceuticals, alongside ICG Strategic Equity and CapVest

¹ 90% of the Portfolio is valued using 30 September 2020 (or later) valuations.

- Third Party Funds remain critical to our strategy of having an appropriately balanced portfolio and to sourcing High Conviction Investments. During the quarter we committed £17m to three top-tier managers, all of which are focussed on expanding our presence in North America
 - Bain XIII, focused on large buyouts in North America: \$10m (£8m)
 - Clayton, Dubilier & Rice XI, focused on mid-market and large buyouts in North America: \$10m (£7m)
 - Gridiron IV, a US mid-market buyout fund: \$3m (£2m) top-up commitment, bringing our total commitment to \$18m and reflecting the strength of fund performance

Strong balance sheet

- Closing NAV of £855m; investment portfolio represents 96% of NAV
- Strong liquidity position of £231m, comprising £73m cash and £158m undrawn bank facility
- Uncalled commitments of £431m (£74m of which are to funds outside of their investment period)

Dividend

- Third quarter dividend of 5p declared, taking dividends for the nine months to 15p

Board

- David Warnock appointed as a non-executive director with effect from 1 December 2020, joining the Audit and Nominations Committees
- David brings extensive private equity, investment trust and listed company experience

Activity since the period end (to 31 December 2020)

- Realisations
 - Proceeds of £38m received, including from the realisation of City & County Healthcare Group
 - Thomas H. Lee Partners reached an agreement to sell System One to Oaktree Capital Management
- Deployment
 - Invested £48m, 56% into High Conviction Investments
- Third Party Funds commitments
 - New Mountain Partners VI, focused on mid-market buyouts in the US: \$14m (£10m)
 - Leeds Equity Partners VII, focused on mid-market buyouts in North America: \$10m (£7m)
 - PAI Mid-Market Fund, focused on mid-market buyouts in Europe: €10m (£9m)
 - FSN Capital VI, focused on mid-market buyouts in Northern Europe: €10m (£9m)
- Bank facility
 - Terms agreed on a new €200m (£180m) 4-year RCF to replace our existing €176m (£158m) facility

Company timetable

Ex-dividend date	11 February 2021
Record date	12 February 2021
Payment of dividend	5 March 2021

Enquiries

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Disclaimer

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Supplementary information

The 30 largest underlying investments

The table below presents the 30 companies in which ICG Enterprise had the largest investments by value at 31 October 2020. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total Portfolio.

	Company	Manager	Year of investment	Country	Value as a % of Portfolio
1	PetSmart+ Retailer of pet products and services	BC Partners	2015	United States	5.8%
2	DomusVi+ Operator of retirement homes	ICG	2017	France	4.6%
3	Minimax+ Supplier of fire protection systems and services	ICG	2018	Germany	3.2%
4	Telos+² Provider of information technology and cybersecurity	Direct shareholding	1998	United States	2.9%
5	Leaf Home Solutions Provider of gutter protection solutions	Gridiron Capital	2016	United States	2.5%
6	DOC Generici+ Retailer of pharmaceutical products	ICG	2019	Italy	2.3%
7	Yudo+ Manufacturer of components for injection moulding	ICG	2017	Hong Kong	2.3%
8	Visma+ Provider of accounting software and accounting outsourcing services	ICG / HgCapital	2017 / 2020	Norway	2.0%
9	Froneri[^] Manufacturer and distributor of ice cream products	PAI Partners	2019	United Kingdom	2.0%
10	City & County Healthcare Provider of home care services in the UK	Graphite Capital	2013	United Kingdom	1.9%
11	Supporting Education Group+[^] Provider of supply teachers and support staff	ICG	2014	United Kingdom	1.8%
12	Berlin Packaging+ Provider of global packaging services and supplies	Oak Hill Capital	2018	United States	1.6%
13	IRI+ Provider of mission-critical data and predictive analytics to consumer goods manufacturers	New Mountain Capital	2018	United States	1.6%

² Valuation based on the terms of the initial public offering which priced at \$17 per share on 19 November 2020

Company	Manager	Year of investment	Country	Value as a % of Portfolio
14 Endeavor Schools+ Provider of paid private schooling	Leeds Equity Partners	2018	United States	1.4%
15 System One+ Provider of specialty workforce solutions	Thomas H. Lee Partners	2016	United States	1.4%
16 PSB Academy+ Provider of private tertiary education	ICG	2018	Singapore	1.2%
17 VitalSmarts+ Provider of corporate training courses focused on communication skills and leadership development	Leeds Equity Partners	2019	United States	1.0%
18 Allegro Operator of an online marketplace and price comparison website	Cinven / Permira	2017	Poland	1.0%
19 U-POL^ Manufacturer of automotive aftermarket products	Graphite Capital	2010	United Kingdom	0.9%
20 Cognito+^ Supplier of communications equipment, software & services	Graphite Capital	2002 / 2014	United Kingdom	0.7%
21 Compass Community Provider of fostering services and children's residential care	Graphite Capital	2017	United Kingdom	0.7%
22 EG Group Operator of petrol station forecourts	TDR Capital	2014	United Kingdom	0.7%
23 nGAGE Provider of recruitment services	Graphite Capital	2014	United Kingdom	0.7%
24 RegEd+ Provider of SaaS-based governance, risk and compliance enterprise software solutions	Gryphon Investors	2018	United States	0.6%
25 David Lloyd Leisure+ Operator of premium health clubs	TDR Capital	2013	United Kingdom	0.6%
26 IRIS Accountancy Solutions Provider of business-critical software and services to the accountancy and payroll sectors	ICG	2018	United Kingdom	0.6%
27 Beck & Pollitzer Provider of industrial machinery installation and relocation	Graphite Capital	2016	United Kingdom	0.6%
28 YSC Consulting Leadership consulting and management assessment business	Graphite Capital	2017	United Kingdom	0.6%
29 ICR Group Provider of repair and maintenance services to the energy industry	Graphite Capital	2014	United Kingdom	0.6%

30 ELITech				
Manufacturers of in-vitro diagnostic instruments and reagents	PAI Partners	2017	Italy	0.5%
Total of the 30 largest underlying investments				48.1%

+ All or part of this investment is held directly as a co-investment or other direct investment.

^ All or part of this investment was acquired as part of a secondary purchase.

The 30 largest fund investments

The 30 largest funds by value at 31 October 2020 are:

Fund	Year of commitment	Country/region	Value £m	Outstanding commitment £m
1 Graphite Capital Partners VIII * Mid-market buyouts	2013	UK	46.7	10.6
2 Gridiron Capital Fund III Mid-market buyouts	2016	North America	29.9	4.3
3 ICG Europe VII Mezzanine and equity in mid-market buyouts	2018	Europe	22.2	17.7
4 BC European Capital IX ** Large buyouts	2011	Europe/USA	22.2	1.5
5 ICG Europe VI ** Mezzanine and equity in mid-market buyouts	2015	Europe	20.1	4.6
6 Sixth Cinven Fund Large buyouts	2016	Europe	20.0	2.9
7 Advent Global Private Equity VIII Large buyouts	2016	Europe/USA	19.1	0.6
8 Thomas H Lee Equity Fund VII Mid-market and large buyouts	2015	USA	18.7	1.5
9 CVC European Equity Partners VI Large buyouts	2013	Europe/USA	18.2	2.7
10 PAI Europe VI Mid-market and large buyouts	2013	Europe	15.5	1.4
11 PAI Strategic Partnerships ** Mid-market and large buyouts	2019	Europe	15.0	1.6
12 BC European Capital X Large buyouts	2016	Europe	14.0	1.7
13 One Equity Partners VI Mid-market buyouts	2016	Europe/USA	13.4	0.6
14 Graphite Capital Partners VII * / ** Mid-market buyouts	2007	UK	12.2	2.8
15 ICG Strategic Secondaries Fund II Secondary fund restructurings	2016	Europe/USA	11.8	16.2
16 ICG Asia Pacific Fund III Mezzanine and equity in midmarket buyouts	2016	Asia Pacific	11.4	3.0
17 CVC European Equity Partners VII Large buyouts	2017	Europe/ North America	11.4	10.8
18 Resolute IV Mid-market buyouts	2018	USA	11.4	5.5
19 Gryphon V Mid-market buyouts	2019	North America	11.3	1.5
20 Permira V Large buyouts	2013	Europe/USA	11.2	0.5

	Fund	Year of commitment	Country/ region	Value £m	Outstanding commitment £m
21	New Mountain Partners V Mid-market buyouts	2017	North America	11.2	2.3
22	Oak Hill Capital Partners IV Mid-market buyouts	2017	USA	10.5	0.7
23	TDR Capital III Mid-market and large buyouts	2013	Europe	10.4	1.7
24	Permira VI Large buyouts	2016	Europe	10.3	2.0
25	Charterhouse Capital Partners X Large buyouts	2015	Europe	9.6	4.5
26	Thomas H Lee Equity Fund VIII Mid-market and large buyouts	2017	USA	9.6	8.8
27	Resolute II ** Mid-market buyouts	2018	USA	9.5	1.7
28	Leeds Equity Partners VI Mid-market buyouts	2017	North America	8.4	0.7
29	Graphite Capital Partners IX Mid-market buyouts	2018	UK	7.8	20.6
30	Bain Capital Europe IV Mid-market buyouts	2014	Europe	7.2	1.3
Total of the largest 30 fund investments				450.6	136.3
Percentage of total investment Portfolio				55.1%	

* Includes the associated Top Up funds.

** All or part of an interest acquired through a secondary fund purchase.

Portfolio analysis

All balance sheet data is presented on a look-through basis to the investment portfolio held by the Company, consistent with the commentary in previous annual and interim reports

Investment category	% of portfolio
High Conviction Investments	
ICG funds and co-investments	24.7%
Third party co-investments	16.4%
Third party secondary investments	5.1%
Total High Conviction Investments	46.2%
Third Party Funds	53.8%
Total	100.0%

Portfolio by investment type	% of value of underlying investments
Large buyouts	54.1%
Mid-market buyouts	35.8%
Small buyouts	10.1%
Total	100.0%

Portfolio by calendar year of investment	% of value of underlying investments
2020	5.4%
2019	20.0%
2018	20.7%
2017	18.7%
2016	10.7%
2015	8.6%
2014	6.3%
2013	3.6%
2012	1.0%
2011	0.0%
2010	1.2%
2009	0.4%
2008	0.1%
2007	0.5%
2006 and before	2.8%
Total	100.0%

**% of value of
underlying
investments****Portfolio by sector**

Consumer goods and services	20.0%
Healthcare	19.4%
TMT	17.0%
Business services	13.0%
Industrials	10.5%
Education	6.9%
Financials	5.8%
Leisure	2.8%
Other	4.6%
Total	100.0%

**Portfolio by geographic distribution based
on location of Company headquarters****% of value of underlying investments**

North America	39.2%
Europe	32.5%
UK	20.1%
Rest of world	8.2%
Total	100.0%

Balance sheet information

The summary balance sheet at 31 October 2020 is set out below.

	31 October 2020 £m	% of net assets	31 January 2020 £m	% of net assets
Total portfolio	818.1	95.7%	806.4	101.6%
Cash and liquid assets	72.7	8.5%	14.5	1.8%
Other net current liabilities	(36.0)	(4.2%)	(27.4)	(3.4)%
Net assets	854.8	100.0%	793.5	100.0%

Movement in the portfolio £m	9 months 31 October 20
Opening Portfolio*	806.4
Third Party Funds drawdowns	64.2
High Conviction Investments – ICG funds, secondary investments and co-investments	17.8
Total new investment	82.0
Realisation Proceeds	(166.2)
Net cash outflow	(84.2)
Underlying Valuation Movement**	63.6
Currency movement	32.3
Closing Portfolio*	818.1
% underlying Portfolio growth (local currency)	7.9%
% currency movement	4.0%
% underlying Portfolio growth (Sterling)	11.9%

** 90% of the Portfolio is valued using 30 September 2020 (or later) valuations (31 Jan 20: 95%).

Movement in liquid assets £m	9 months 31 October 20
Additions	(82.0)
Cash proceeds generated by the portfolio (including income)	166.2
Net cash generated by the investment portfolio	84.2
Non-investment cash flows	(12.6)
Effect of changes in foreign exchange rates	(0.2)
Cash inflow before shareholder distributions	71.4
Dividends paid to shareholders	(12.4)
Share buy backs	(0.8)
Net cash movement	58.2
Opening cash and liquid assets	14.5
Closing cash and liquid assets	72.7

Uncalled commitment coverage

	31 October 2020 £m	31 January 2020 £m
Cash and liquid assets	72.7	14.5
Undrawn bank facility	158.3	147.8
Total liquidity	231.0	162.3
Outstanding commitments	431.4	458.6
Less: Total liquidity	(231.0)	(162.3)
Over-commitment	200.4	296.3
Over-commitment as % of net assets	23.4%	37.3%